

JPRS-CEA-87-032

14 APRIL 1987

# China Report

ECONOMIC AFFAIRS



FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

14 APRIL 1987

## CHINA REPORT

### ECONOMIC AFFAIRS

#### CONTENTS

##### PEOPLE'S REPUBLIC OF CHINA

##### NATIONAL AFFAIRS, POLICY

|   |   |
|---|---|
| PRC Seen Renewing 'Commitment' to Economic Reform<br>(SOUTH CHINA MORNING POST, 26 Mar 87) .....      | 1 |
| Delay of Bankruptcy Law Seen at Coming NPC<br>(Olivia Sin; SOUTH CHINA MORNING POST, 25 Mar 87) ..... | 4 |

##### PROVINCIAL AFFAIRS

|   |    |
|---|----|
| Hunan Leaders Curb Overexpansion Trends<br>(Liu Jianchu; Xinhua Domestic Service, 21 Mar 87) .....  | 6  |
| Anhui Governor Calls for Increased Production<br>(ANHUI RIBAO, 22 Feb 87) .....                     | 7  |
| Guangdong Sets Targets To Increase Production<br>(Guangdong Provincial Service, 22 Mar 87) .....    | 9  |
| Wuhan Makes Progress in Economic Reform<br>(Shi Jie, Xu Zhanfeng; CHANGJIANG RIBAO, 8 Mar 87) ..... | 11 |
| Jiangxi Provincial Economic Forum Opens<br>(Jiangxi Provincial Service, 16 Mar 87) .....            | 14 |
| Guangdong To Cut Provincial, Local Investment<br>(Chen Zhisong; CHINA DAILY, 24 Mar 87) .....       | 16 |

|  |    |
|--|----|
| Beijing Communique on Economic Development<br>(BEIJING RIBAO, 5 Mar 87) .....                                      | 18 |
| Heilongjiang Communique on Economic Development<br>(HEILONGJIANG RIBAO, 7 Mar 87) .....                            | 32 |
| Jiangsu's 1986 Economic, Social Statistics<br>(XINHUA RIBAO, 9 Mar 87) .....                                       | 46 |
| Qinghai Leader Discusses Current Economic Problems<br>(Qinghai Provincial Service, 18 Mar 87) .....                | 58 |
| Shaanxi: Conference Urges Factory Director Responsibility<br>(Shaanxi Provincial Service, 21 Mar 87) .....         | 59 |
| Xizang Leader Stresses Role of Enterprises<br>(Xizang Regional Service, 21 Mar 87) .....                           | 61 |
| Yunnan Governor on Financial, Taxation Work<br>(Yunnan Provincial Service, 19 Mar 87) .....                        | 62 |
| Briefs<br>Factory Safety Stressed .....  | 63 |
| FOREIGN TRADE, INVESTMENT  |    |
| Pending Regulations To Encourage Foreign Investment Reported<br>(Yan Xichen; GUOJI SHANGBAO, 17 Nov 86) .....      | 64 |
| Shanghai Sets Up Foreign Exchange Redistribution Center<br>(Yao Ximin, Zhong Xin; GUOJI SHANGBAO, 13 Nov 86) ..... | 66 |
| Joint Ventures To Be Issued Import-Export Licenses<br>(Zhong Zi; GUOJI SHANGBAO, 1 Dec 86) .....                   | 67 |
| Joint Ventures Receive Help in Balancing Foreign Exchange<br>(Zheng Yan; GUOJI SHANGBAO, 17 Nov 86) .....          | 68 |
| FINANCE, BANKING   |    |
| Foreign Bank Activities in China Discussed<br>(Tian Li; CHING-CHI TAO-PAO, No 47, 24 Nov 86) .....                 | 69 |
| Chen Muhua on Rural Money Markets<br>(Ji Bin; JINGJI RIBAO, 28 Nov 86) .....                                       | 75 |
| INDUSTRY   |    |
| RENMIN RIBAO on Factory Improving Product Quality<br>(Dong Huanliang; RENMIN RIBAO, 16 Mar 87) .....               | 77 |



|   |     |
|---|-----|
| Briefs  |     |
| Call for Safety in Production                               | 79  |
| AGRICULTURE   |     |
| Prolonged Drought Slows Crops, Transport                    |     |
| (Chen Guanfeng; CHINA DAILY, 21 Mar 87) .....               | 70  |
| Evolution of Military Veterinary Education in China         |     |
| (ZHONGGUO SHOUYI ZAZHI, No 1, 22 Jan 87) .....              | 82  |
| Principles for Revising Rural Industry in Hunan             |     |
| (Qing Xianguo; NONGYE JISHU JINGJI, No 10, Oct 86) .....    | 87  |
| Hebei Provincial Regulations on Promotion of Agrotechnology |     |
| (HEBEI RIBAO, 1 Feb 87) .....                               | 94  |
| New Standing Committee Regulations                          | 94  |
| Commentary on Regulation, Editorial                         | 102 |
| Briefs  |     |
| Call for More Grain Cultivation                             | 104 |
| Experts on Vegetable Circulation                            | 104 |
| Hunan Pork Transfers  | 104 |
| Anhui Farm Supplies   | 104 |
| Zhejiang Agricultural Loans                                 | 105 |
| Jiangsu Agricultural Loans                                  | 105 |
| CONSTRUCTION  |     |
| Xizang: Xiang Yang Talks About 1987 Capital Construction    |     |
| (Xizang Regional Service, 20 Mar 87) .....                  | 106 |
| Briefs  |     |
| Ningxia Cuts Capital Construction                           | 107 |
| TRANSPORTATION  |     |
| Briefs  |     |
| Shenyang-Changchun-Yanji Flight                             | 108 |
| More Flights to Shanghai, Beijing                           | 108 |
| Shanghai Subway Plan  | 108 |

/9986

NATIONAL AFFAIRS, POLICY

PRC SEEN RENEWING 'COMMITMENT' TO ECONOMIC REFORM

HK260327 Hong Kong SOUTH CHINA MORNING POST in English 26 Mar 87 pp 1, 2

[By correspondents in Beijing]

[Text] The Prime Minister, Mr Zhao Ziyang, yesterday renewed China's commitment to meaningful economic reform in a two-hour speech to the National People's Congress.

Calling for basic changes in the pricing and wage systems and an expansion of the use of market mechanisms, he reaffirmed a reformist agenda that had been threatened in the past two months by strong attacks from economic and political conservatives.

There were, however, some clear concessions to reform critics.

Sitting behind Mr Zhao in the Great Hall of the People was the former general-secretary of the Communist Party, Mr Hu Yaobang, making his first public appearance since being forced to resign on January 16 in the wake of student demonstrations.

Mr Hu was considered the most ardent advocate of reform among China's top leaders. He is still listed as a member of the standing committee of the Politburo.

As Mr Hu took his place on the rostrum, Mr Yu Qiuli--the head of the political department of the People's Liberation Army--went out of his way to shake Mr Hu's hand.

The army has been one of Mr Hu's sharpest critics and is believed by many to have been behind his forced resignation.

Mr Zhao devoted a major portion of his speech to the fight against bourgeois liberalisation which he said would have "an important bearing on the future of the country."

But he also criticized leaders who were not "mentally emancipated enough", an obvious swipe at Marxist ideologues who have spearheaded the campaign.

Congress chairman Mr Peng Zhen has been at the forefront of the attack on bourgeois liberalisation.

As Prime Minister, Mr Zhao delivers an annual "report on the work of the Government" to the congress, reviewing the previous year and announcing plans for the upcoming one.

After Mr Hu's dismissal and the conservative drive against bourgeois liberalisation, there were many indications that China's reforms might slow or even be reversed.

But while Mr Zhao's speech did not open up much new ground, it solidified genuine economic changes introduced in the last couple of years.

Mr Zhao affirmed the factory director responsibility system, which places decision making authority in the hands of managers and engineers instead of Communist Party officials.

"We have yet to create conditions for giving the enterprises full managerial authority and full responsibility for their own profits and losses," he said.

This assurance came despite the last-minute withdrawal of the draft law on industrial enterprises from the current congress session. The law was apparently shelved because of resistance from leaders who did not want a curtailment of party power to be spelled out.

While most of Mr Zhao's marathon speech shored up existing principles, he did hint at a few concrete changes. He suggested, for example, that the state set aside a certain proportion of China's steel production for sale at market prices outside the planned sector. He said, in general, that the market for capital goods, needed to be developed.

Touching on a very sensitive political nerve, he also called for an overhaul of China's pricing system, which he called "very irrational due to prolonged negligence of the law of value and due to rigid and excessive state control."

Many western economic experts had predicted that price reform would remain stalled most of this year, but Mr Zhao announced that some products currently sold at state-set prices would be eased into the market sector.

He even told the Chinese people to "deepen their understanding of price reform", to ease the shock of possible increases in commodity prices.

Other economic policies affirmed by Mr Zhao included the labor contract system and wage reform, public bidding in capital construction and the leasing of medium and small enterprises.

Most of these comments came in the third part of his speech, sub-titled "deepening the reform of the economic structure and opening wider to the outside world."

In the second part, "Persist in the principle of steady, sustained economic development," Mr Zhao addressed certain problems that have caused serious alarm among many of China's more orthodox leaders.

At the top of his list was grain production.

Long a traditional Maoist concern--Grain Is The Key Link was one of Mao's legendary dictums--grain production has fallen off in the past two years from the record crops of 1984.

China recently cancelled export contracts and was expected this year to import 10 million tons of wheat, 25 per cent more than in 1986.

Mr Zhao also called for action to reverse China's growing budget deficit through a general tightening of planning, rational use of resources and a 10 per cent cut in government spending on administrative and managerial costs.

These measures are part of a general drive initiated last year to cool an overheated economy.

Mr Zhao's call to tighten central planning of capital construction and to ensure that state-run enterprises and designated key projects received priority in allocation of resources has been interpreted by some as a concession to conservatives.

But the imperatives seem more economic than political.

Many of these trouble areas in China's economy--the budget deficit, grain shortfalls, and foreign debt--are more perceived than real, say many economists.

"The question as to whether these are political or economic problems is a hotly debated issue in China," Mr Zhao Fusan, vice-president of the influential Academy of Social Science, told the South China Morning Post yesterday.

One area where Mr Zhao did clearly address conservative concerns was in his affirmation of the drive to eradicate bourgeois liberalisation, the struggle against which "has an important bearing on the success or failure of China's socialist modernisation and on the future and destiny of our country."

But even here, Mr Zhao set sharp limitations to the campaign against pernicious western influences. The campaign "is strictly confined within the Chinese Communist Party...without relating it to policies of economic reform, rural policies or the life of every day people."

"It cannot--and absolutely will not detract from our reform and open policy," he said.

While a similar effort to limit the scope of the drive failed at end of January, there have been almost no conservative attacks in the press since Mr Zhao renewed his efforts last week.

/9716

CSO: 4020/147

NATIONAL AFFAIRS, POLICY

DELAY OF BANKRUPTCY LAW SEEN AT COMING NPC

HK250235 Hong Kong SOUTH CHINA MORNING POST in English 25 Mar 87 p 5

[By Olivia Sin in Beijing]

[Text] The implementation of the bankruptcy law in China would be delayed because of the immaturity of the state industrial enterprise law, analysts said yesterday.

The state enterprise law, similar to a company law, was scheduled for approval at the NPC session that begins today. It was, however, withheld by the Standing Committee of the NPC last week.

The reason put forward was that the proposal had to be studied more thoroughly and more consultation had to be undertaken before it could be tabled before the NPC.

The committee said the bankruptcy law, which was passed in December after heated debate, would not be implemented until three months after the promulgation of the state industrial enterprise law.

Chinese officials did not say how long the study of the state enterprise law would take, but observers said the process may last about a year.

In the meantime, the bankruptcy law is being tested in selected enterprises in cities such as Shenyang, Wuhan and Chongqing.

The original plan was that the bankruptcy law would be implemented in two stages--first a trial run throughout the nation, then full implementation.

Now it appears that the withdrawal of the state industrial enterprise law would rule out any trial run.

While political observers said the withdrawal of the state industrial enterprise law reflected the prominence of conservatives in the Standing Committee of the NPC, some economists believed that the time was not yet ripe for the full implementation of the law in any case.

This was because the poor showing of some state enterprises was not necessarily the fault of managing cadres but could be attributed to causes over which they had no control.

The standing committee therefore decided that the factory manager responsibility system (which entails factory management taking full control) would be fully implemented in all enterprises first.

/9716

CSO: 4020/147

## PROVINCIAL AFFAIRS

### HUNAN LEADERS CURB OVEREXPANSION TRENDS

OW210615 Beijing Xinhua Domestic Service in Chinese 0053 GMT 21 Mar 87

[By reporter Liu Jianchu]

[Excerpts] Changsha, 21 Mar (XINHUA)--In launching the current campaign to increase production and practice economy and to increase revenue and reduce expenditure, leading cadres at all levels in Hunan are seriously solving existing questions in ideology. They are earnestly curbing expansive nonproductive expenditure in their own organizations, so that the campaign can be systematically launched throughout the province.

Since last winter, organizations at the provincial level alone in this interior province have requested a general budget for constructing office buildings and dormitories this year, totaling more than 130 million yuan, an increase of more than 200 percent over the actual expenditure in the previous year. In view of this, the provincial party committee and the provincial government organized cadres to study Premier Zhao Ziyang's suggestion made to them when he came to Hunan to inspect work last year: "In my opinion, you are moving fast enough. You should not compare everything with the Zhujiang Delta. Conditions are different. The central authorities' policies are also different." All cadres repeatedly studied and understood the guidelines of these remarks. They faced realities, analyzed the several objective factors, including the environment for investment, the scientific and technological level, market conditions, communications, and particularly the difference in financial resources, and had a much better understanding of the whole picture.

According to estimates, local expenditure throughout Hunan this year can be reduced by more than 300 million yuan. They believe reduction in nonproductive expenditure can guarantee construction of key projects. Currently, construction of all energy, communications and other key projects under the plan is in full swing.

/9716

CSO: 4006/455



## PROVINCIAL AFFAIRS

### ANHUI GOVERNOR CALLS FOR INCREASED PRODUCTION

OW200437 Hefei ANHUI RIBAO in Chinese 22 Feb 87 p 1

[Excerpts] The Anhui Provincial People's Government held a telephone meeting yesterday evening to launch a campaign to increase production and practice economy, and to increase revenue and reduce expenditure. The meeting called on people throughout the province, especially the workers and staff members on the economic front, to actively participate in the campaign. Governor Wang Yuzhao and Vice Governor Shao Ming attended and addressed the meeting.

Vice Governor Shao Ming was the first to speak. He said: Our province should achieve noticeable results in increasing production and practicing economy, and in increasing revenue and reducing expenditure this year. Our major tasks and requirements in this regard are:

1. Vigorous efforts should be made to increase production of marketable products.
2. Effective measures should be taken to save energy and lower consumption of raw materials.
3. Continuous efforts should be made to make up losses and increase profits. It is planned to make up 30 percent of the losses incurred by industrial enterprises and 20 percent of those incurred by commercial enterprises this year. All prefectures, cities, bureaus, and departments should institute a system of responsibility by the leading cadre in order to ensure fulfillment of the tasks in making up losses.
4. It is necessary to persistently reduce the scale of investment, cut down nonproductive expenses, stop construction of unplanned, nonproductive projects, and ensure construction of planned, budgeted key projects.

In his speech, Governor Wang Yuzhao pointed out: It is necessary to launch a campaign to increase production and practice economy and to increase revenue and reduce expenditure on all fronts in the province. Efforts should be made to develop the campaign in depth and in a healthy way. He called on party committees and governments at various levels to complete the following work in leading this campaign:

Leaders at various levels should achieve unity of thought and extensively carry out the campaign. This campaign is by no means an expedient measure to solve current economic problems, but a strategic plan, having a bearing on the building of socialist material and spiritual civilization. Cadres at various levels should achieve unity of thought, on the basis of the guidelines laid by a national conference of governors, and maintain unity with the central authorities.



The basic way to carry out the campaign is to deepen reforms in enterprises and rural areas, so that workers and staff members, as well as the peasant masses, will conscientiously take action in increasing production and practicing economy.

The campaign to increase production and practice economy and to increase revenue and reduce expenditure should center on better economic results.

It is necessary to strictly enforce financial and economic discipline. The phenomena of going in our ostentation and extravagance and indiscriminately issuing bonuses must be firmly stopped. Units and individuals who have done a good job in increasing production and practicing economy, and in increasing revenue and reducing expenditure, should be commended, and discipline violators should be criticized or even severely punished.

Leaders at various levels should strengthen their leadership over the campaign, give full play to the role of various trades, and strengthen industrial management. They should vigorously mobilize people to make plans for carrying out the campaign, to implement such plans, and to achieve good results as soon as possible.

/9716

CSO: 4006/455

## PROVINCIAL AFFAIRS

### GUANGDONG SETS TARGETS TO INCREASE PRODUCTION

HK231332 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT  
22 Mar 87

[Text] The drive of increasing production, practicing economy, increasing revenue, and cutting spending is being widely carried out in the province's industrial and communications front. The provincial economic commission recently set targets for industrial and communications enterprises in the drive, namely, to readjust the production structure, to increase production of marketable products, to plug holes, to tap potential, to upgrade the quality of products, to cut down consumption, and, to vigorously reduce losses and increase profits on the basis of going all out to increase production and income. In increasing production and income, the provincial economic commission proposed: Vigorously increasing production of key products to ensure the fulfillment of the growth rate of 10 percent of the province's total industrial output value this year; making the output value of new products account for 30 percent of the total industrial output value; and increasing simultaneously the output value, profits, tax, and financial income.

To fulfill the targets, the provincial economic commission will adopt the following 4 measures:

1. It will give priority to the supply of energy and raw materials.
2. It will give support to those trades that have more problems and difficulties in the field of policy and create external conditions for increasing production.
3. It will promptly review the process of production and circulate notices to let people know the situation of production.
4. It will help all departments, cities, and prefectures use the limited foreign exchange to develop production.

To turn out more marketable products, the province is planning to develop 200 new products this year and has made an initial decision to digest and assimilate some 20 imported products. It will do its best to secure funds to put the products into production. In addition, it will give special support to 10 mountainous counties to develop new production using their local resources.

In practicing economy and cutting spending, the province must attain the target of decreasing the consumption of raw materials in the province's industrial production by 2 percent and maintaining a decreasing rate of 70 percent in consumption. The province must save energy by a volume equivalent to 440,000 tons of standard coal and attain the target of cutting down energy consumption by 44 percent.

/9716

CSO: 4006/455

PROVINCIAL AFFAIRS

WUHAN MAKES PROGRESS IN ECONOMIC REFORM

HK231505 Wuhan CHANGJIANG RIBAO in Chinese 8 Mar 87 p 1

[Report by correspondent Shi Jie (2457 6043) and reporter Xu Zhanfeng (1776 0594 1496): "Wuhan Has Made Notable Progress in Economic Structural Reform"--passages within slantlines published in boldface]

[Text] According to information provided by the city economic structural reform committee not long ago, the economic structural reform in our city is constantly deepening and steadily developing and has scored notable progress in 12 aspects.

At the beginning of last year, the reform in our city had some difficulties. After the city party committee and government promptly enacted "Some Suggestions Regarding Upholding the Reform and Further Invigorating Enterprises" (i.e. the 30 clauses), the departments concerned successively worked out some measures to coordinate the reform, safeguard the decision-making power of enterprises, and protect the enthusiasm for reform, thus quickly enlivening the overall situation of reform.

/To boldly study separating the right of ownership and the right of operation and promote the reform of operational mechanism within enterprises./ Some small industrial and commercial enterprises under the system of ownership by the whole people have conducted rental operation on a trial basis and generally increased their production and effectiveness. The responsibility system of assets operation adopted by some industrial and commercial enterprises on a trial basis has developed very well.

/Following the opening up of the money market, the financial structural reform has made breakthrough-like progress./ Our city has begun to have a 4-level lateral fund accommodation network, i.e., the network for the various financial organizations within the city, the network for the 8 cities in the province, the network for the 11 key cities in the whole country, and the network for the 27 cities along the Changjiang Valley. The criss-cross fund accommodation networks have promoted the formation of the money market. The whole city has successively set up five characteristic and permanent money markets such as the rural loan market, the short-term loan market of the Industrial and Commercial Bank, the loan market for the urban credit cooperatives, the comprehensive loan market, and the loan market for some cities in central and southern China.

/Lateral economic combinations have extensively developed among enterprises./ Our city has adopted a series of policies and measures to encourage the combinations of enterprises. With a total number of over 180, the lateral economic combinations are now extending from the field of production to the fields of circulation, science and technology, and finance and developing from short-term and loose combinations to the direction of long-term and close combinations.

/The structural reform of commercial circulation is further deepening./ Through enacting preferential policies and removing the control over and invigorating the small state-run enterprises, the control over 611 of the 795 commercial enterprises in the urban areas of the city has been removed. As the reform of the secondary commercial companies and the reform of the organizations at the station and department levels are carried out at the same time, eight whole-sale companies have been formed and the pure management-type catering companies and service companies in the city have been closed. Efforts are being made to run commercial undertakings on a trial basis and deepen the commercial structural reform.

/To reform the structure of transportation management and inject new vigor into the communications and transportation undertakings./ Through perfecting and improving the "membership system," the city transportation committee has set up a "system of holding meetings on balancing the monthly cargo transportation plans" to further intensify the functions of "overall planning, coordination, supervision, and service." Therefore, remarkable achievements have been made in readjusting the transportation structure, tapping the transportation potentials, and organizing the associated operation and combined transport.

/To establish and develop the market of production means./ On the basis of strengthening and improving the macro-equilibrium and the planned guidance of important materials, our city has gradually reduced the amount of distribution under mandatory planning and expanded the scope and proportion of regulation by market mechanism. To reform the operational structure, efforts have been made to separately manage planned and unplanned operations. To explore the price reform of production means, a method of supplying goods at average price has been adopted. These efforts have not only lightened the burden of the users but also played an active role in straightening out prices and improving management of materials within the enterprises.

/To further reform the system of labor employment./ The whole city now has 36,000 contract workers working in all walks of life. Moreover, attention has been paid to integrating the reform of the labor system with the improvement of the social security system.

/To pool together efforts and further bring into play the role of the departments of economic levers./ Through the system of holding analytical meetings to improve the economic activities, the departments of economic levers have been allowed to participate in making the macroeconomic decisions concerning the whole city to improve the control of the government over economic activities. Focusing on invigorating enterprises, all the departments of economic levers have worked out over 100 preferential policies to create better external environments for enterprises.

/In the light of the principle of separating the functions of government from those of enterprises, the functions of government have further changed./ Through setting up experimental units, the city commercial committee, transportation committee, and engineering bureau have been studying the new leading structures and sorting out and consolidating the secondary administrative companies. The 45 secondary administrative industrial companies have carried on various reforms like closing down, changing orbits and types, and so on.

/To continue to simplify administration and delegate powers and promote the overall and comprehensive development of the urban reform./ All the departments directly under the administration of the city government have successively delegated powers on two occasions to expand the jurisdiction of the urban areas. All the urban areas have carried on coordinated reforms in the light of their own strong points and characteristics.

/Upholding the principle of coordinately developing the urban and rural areas as a whole, the reform in the suburban counties has been further deepened./ The rural economy in the suburban counties is constantly developing toward the direction of developing the urban and rural areas in a coordinated and mutually supplemental way as well as the suburban economy of common prosperity.

/Some relevant reforms have been made in fields like science and technology, education, culture, public health, physical culture, and so on./ Due to the further development of the market of technology, 23 lateral integrated bodies have been formed in the field of scientific and technological production. As the process of making technological achievements has been quickened, the whole city has set up over 800 organizations of technological commodities, with the trade volume of technology amounting to 110 million yuan, an increase of 57 percent over the previous year. New achievements have also been made in diversely running schools. A rational medical and health care network integrating urban and rural areas, prevention and cure of diseases, and experts and the masses is being formed in a step-by-step way. New progress has also been made in the reforms of culture and sports.

/9716

CS0: 4006/455

## PROVINCIAL AFFAIRS

### JIANGXI PROVINCIAL ECONOMIC FORUM OPENS

OW190552 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 16 Mar 87

[Excerpts] A provincial economic forum opened in Nanchang today. Governor Wu Guangzheng presided over the forum. Vice governors Jiang Zhuping, Qian Jiaming, and Chen Guizhen, as well as leading comrades from departments concerned, attended the meeting. Also present were leading comrades from various prefectures, cities, counties, provincial departments and bureaus concerned, and key enterprises, totaling more than 600 people.

At the meeting, Qian Jiaming gave a report on deepening reform, increasing production and practicing economy, and promoting the long-term, steady development of the province's economy.

Qian Jiaming said: The drive for promoting production and practicing economy, increasing revenue and reducing expenditure is one of the major tasks in this year's economic work, and an important strategic measure in developing the economy on a long-term, steady basis. This year we shall focus on eight tasks:

1. promote production of readily marketable goods;
2. raise product quality;
3. cut down on material losses;
4. use funds more efficiently;
5. help money-losing enterprises make profits;
6. promote technological renovation through technological advancement;
7. retrieve and recycle waste materials; and
8. pay equal attention to key enterprises and the rural economy.

At the meeting, Jiang Zhuping also made a report entitled "Stick to the Policy of Reform, Opening to the Outside World, and Invigorating the Economy, Phase in the Strategy of Introducing Investment from Abroad and Establishing Lateral Ties at Home."

Jiang Zhuping said: In 1986, lateral economic integration and cooperation in the province made a gigantic stride forward. Progress was also made in utilizing foreign investment and importing technology. This helped invigorate the province's economy. The overall 1987 task of introducing investment from abroad and establishing lateral ties at home is to uphold the four cardinal



principles; stick to the policy of reform, opening to the outside world, and invigorating the economy; focus closely on raising the overall economic effectiveness; actively carry out the campaign for promoting production and practicing economy, increasing revenue and reducing expenditure; solidly carry out the 30-article regulation issued by the State Council for furthering lateral economic cooperation and state policies and regulations concerning foreign investment and technology; consolidate and advance the economy; stimulate enterprises; and contribute to the steady and coordinated development of the national economy.

In the report, Jiang Zhuping stressed 10 major tasks for this year:

1. Continuously deepen understanding and replace outdated concepts with new ones, and consciously promote lateral integration and cooperation.
2. Focus on promoting lateral economic cooperation among enterprises. Promote cooperation among exporting enterprises and those making brand-name, high quality, and specialty products.
3. Further develop regional economic integration and cooperation. Make certain administration and management is separated in this integration and cooperation. Regional integration and cooperation should be based on the cooperation among enterprises.
4. Promote cooperation in technology and material with great force. Make sure minimal input will turn out abundantly and with good results.
5. Make developing inter-provincial cooperation a top priority. Speed up exploitation of the resources in the province. Take advantage of local resources and adopt preferential policies to attract investment from fraternal provinces, municipalities, and departments in the State Council to exploit our province's resources.
6. Promote inter-provincial integration and cooperation continuously.
7. Promote cooperation within the province, especially lateral economic integration and cooperation among the old revolutionary bases.
8. Continue to expand external economic and technological cooperation and exchange. From now on, attention should be paid to promoting lateral integration and cooperation between enterprises and well-run foreign-invested enterprises, and those using imported advanced technology and equipment.
9. Carry out the task of introducing investment from abroad and establishing lateral ties at home.
10. Adopt the responsibility system of purpose management to raise service quality.

/9716

CSO: 4006/455



## PROVINCIAL AFFAIRS

### GUANGDONG TO CUT PROVINCIAL, LOCAL INVESTMENT

HK240424 Beijing CHINA DAILY in Chinese 24 Mar 87 p 2

[By staff reporter Chen Zhisong]

[Text] Guangzhou--South China's Guangdong Province has decided to reduce its 1987 provincial investment budget by 50 million yuan and that of local investment through collective funds by 10 percent.

The move comes at a time when the whole nation is calling for an economic cool-down to offset the side effects of overheated investment in the past two years.

Through the reduction, the province will see an investment structure which has its focus on developing energy, communications, agriculture and education, according to the Provincial Economic Commission.

This year, money put into energy production will reach 180 million yuan, or 34 percent of the total investment volume of the provincial budget, to ensure an electrical capacity of one million kilowatts next year.

Investment in agricultural water conservancy works will increase by million yuan. Funds for communications also will see growth compared to the previous year.

Meanwhile, the province will adopt strict measures to cut down investment in the non-production sectors. Investment is to be restricted to a proportion of 40 percent of the budget.

In principle, no such projects will be approved, especially those concerning construction of hotels, compounds, office buildings, high-rises and amusement parks.

In the production sector, the province will speed up work on projects which have begun or are on the verge of operation. New projects will be put under strict controls, to evade duplicate imports and construction.

Meanwhile, Guangzhou, capital city of Guangdong Province, has started a 50-day campaign to save electricity.

According to a deputy mayor of the city, Guangzhou has been hit by a severe scarcity of electricity, hardly seen in the past few years.

The campaign includes measures to reduce industrial electrical consumption, better plan electricity allocation and ban the use of air-conditioners without approval from the city.

/9716

CSO: 4006/455

## PROVINCIAL AFFAIRS

### BEIJING COMMUNIQUE ON ECONOMIC DEVELOPMENT

SK250731 Beijing BEIJING RIBAO in Chinese 5 Mar 87 p 2

[Communique on the Statistics of Beijing Municipality's 1986 Economic and Social Development]

[Text] In 1986 thanks to the kind concern of the party Central Committee and the State Council, the leadership of the Beijing Municipal CPC Committee and the Municipal People's Government, and the support of various central departments and other provinces, municipalities, and autonomous regions, the people of our municipality conscientiously implemented the principle of reform, opening to the outside world, and enlivening the domestic economy, and achieved a sustained, stable, and coordinated economic development. The tasks and major targets for national economic and social development decided earlier that year were fulfilled or overfulfilled, thus laying a solid foundation for the fulfillment of the Seventh 5-Year Plan. According to preliminary statistics, the total product of society of 1986 was 51.55 billion yuan. (Footnote 1) (Total product of society is the sum of agriculture; industry; construction; transport, posts, and telecommunications; and commerce. National income is the sum of net output value of the above-mentioned five departments. The gross domestic product refers to the value of products and labor service used by society and supplied by material productive departments and nonmaterial productive departments not including the value of products and labor service consumed by intermediate units.) Calculated in terms of comparable items, it showed an increase of 5.3 percent over the previous year. The industrial and agricultural output value totaled 36.68 billion yuan, showing an increase of 4.9 percent; the national income came to 21 billion yuan, a 6.4-percent increase, and the gross domestic product was 28 billion yuan, a 4.4-percent increase. (Footnote 2) (The total product of society, the national income, and the gross domestic product listed in this communique are calculated in terms of 1986 prices, and the rate of growth over the previous year is calculated in accordance with comparable prices. If calculated in terms of 1986 prices, the growth of the total product of society was 6.9 percent, that of the national income 7.9 percent, and that of gross domestic product 8.1 percent. The industrial and agricultural output value is calculated at 1980 constant prices.) A new situation was created in opening to the outside world, foreign trade, and tourism, new progress was achieved in science and technology, culture and education, public health, and sports, the urban and rural markets were thriving, and the people's living standards were further improved.

## 1. Industry

Industrial production showed steady growth, and the economic results further improved. The annual industrial output value was 34.69 billion yuan, increasing by 6.4 percent over the previous year. Excluding the rural industry, it was 32.18 billion yuan, a 4.7-percent increase. Of the total, the output value of central industry grew by 4.3 percent, and that of local industry by 4.8 percent. The output value of state-owned enterprises increased by 5.5 percent, and that of collective enterprises by 1.2 percent.

Light industry and heavy industry developed in a balanced manner. The output value of light industry totaled 14.08 billion yuan, up 5.1 percent over the previous year, which was higher than the 4.4-percent growth as registered in heavy industry. The proportion of light industry increased from 43.6 percent in the previous year to 43.8 percent.

Product mix was changed to suit the structure of market demands. In 1986 our municipality formulated policies to encourage the increased production of readily marketable products, thus facilitating the production of the raw materials in short supply, scarce consumer goods, and machinery and electric equipment. The production of steel, rolled steel, refined oil, and motor vehicles all grew by more than 10 percent. The production of such key consumer goods as washing machines, refrigerators, knitting wool, beer, and synthetic detergent also registered a substantial increase. Of the 29 products covered by mandatory plans, 28 fulfilled or overfulfilled their targets. The output of 42 out of 75 major products showed increases.

The output of major products was as follows:

|   | 1986                  | 1986 percentage<br>calculated base<br>on 1985 figure |
|---|-----------------------|--|
| Steel                                       | 3.036 million tons    | 113.2  |
| Finished rolled steel                       | 2.562 million tons    | 115.6  |
| Raw coal                                    | 9.001 million tons    | 95.3   |
| Electricity                                 | 10.43 billion kwh     | 100.6  |
| Cement                                      | 3.105 million tons    | 97.5   |
| Motor vehicle                               | 58,021                | 115.9  |
| Amount of processing of                     |                       |  |
| Crude oil                                   | 6.19 million tons     | 104.7  |
| Plastics                                    | 340,000 tons          | 99.4   |
| TV sets                                     | 675,000               | 89.6   |
| of which color sets                         | 342,000               | 88.9   |
| Marketable furniture                        | 3.038 million pieces  | 90.7   |
| Woolen goods                                | 14.701 million meters | 104.4  |
| Household refrigerator                      | 181,000               | 104.6  |
| Household washing machine                   | 700,000               | 107.4  |
| Fruit wine [yin liao jiu<br>7390 2436 6794] |                       |  |
| of which, beer                              | 145,000 tons          | 107.2  |

Industrial enterprises conscientiously strengthened overall management of product quality and strictly conducted supervision over product quality in line with international standards. As a result, the quality of industrial products was greatly upgraded. The proportion of improvements in the quality of industrial products steadily increased from 81.1 per cent in 1985 to 97.1 per cent. A sample survey of the State Economic Commission on the quality of our municipality's products showed that 76.8 percent of the total products attained quality standards. This put the municipality second place in the country. Of the 122 products which attended the national public appraisal of the quality of various products of the same trades, 31 products, including Mudan-brand 37-cm (14-inch) color television set, Chang-brand raincoat, and Kaohua-brand heavy woollen cloth, occupied first place; and 57 products occupied third place through appraisal, accounting for 46.7 percent of the total products which were appraised.

More than 3,000 new products were successfully trial-produced in 1986. Of this, 60 percent were put into production; 531 products, attained the national advanced level; and 83 products, including the Baiju-brand twin-tub semiautomatic washing machine and Bailan-brand new high wave energy water flow washing machine, reached international levels of the late 1970's and the early 1980's. A total of 199 key technological transformation projects with an investment of 980 million yuan were completed in 1986. These projects could create 2 billion yuan of production value annually. Thus, enterprises' reserve strength has been enhanced.

Industrial enterprises further improved their economic results at the time when their production increased. The total output value realized by local budgetary industrial enterprises in 1986 increased by 6.6 percent over 1985. Their income from marketing products showed an increase of 9.4 percent. Profits and taxes realized by these enterprises increased by 4.8 percent. Labor productivity of state enterprises under various industrial bureaus (general companies) was 22,753 yuan, an increase of 6 percent over 1985. Of the 10 economic development targets assessed by the State Economic Commission, our municipality played a leading role among other big cities in attaining 7 targets. Consumption of various materials continued to drop. The reduction rate of per-unit material consumption of key products stably rose from 67.5 percent to 87 percent. The overall energy consumption of per-10,000-yuan industrial output value of the municipality dropped from 4.67 tons of standard coal in 1985 to 4.55 tons of standard coal. Energy resources worth 400,000 tons of standard fuel were saved in 1986. The water consumption volume for each 10,000 yuan of output value also dropped from 218.2 tons to 197 tons or below.

Staff members and workers of industrial enterprises have been aroused with production enthusiasm thanks to further deepening the reform of industrial system and thanks to the fact that a large number of enterprises began to carry out various forms of economic responsibility systems, including the system of linking wages with economic results. The number of enterprises which carried out the plant director responsibility system increased from 155 in 1985 to 255, accounting for 50 percent of the total budgetary state enterprises in the municipality. Rapid development was made in lateral economic

cooperation. So far, there are more than 600 associations of various kinds on our municipal industrial front. More than 1,700 enterprises are involved in these associations. Associations of various forms, various levels, and various orientations have taken shape in their initial stages.

## 2. Agriculture

The municipality reaped a bumper grain harvest thanks to further readjusting agricultural structure. The construction of production bases of farm and sideline products was in full swing. A trend of stable agricultural development was continuously maintained on the basis of registering big increases in agricultural production for several successive years. The total rural production value was 9.62 billion yuan, an increase of 8.1 percent over 1985. The total agricultural output value (including the output value realized by village industry) reached 4.5 billion yuan, increasing 6.4 percent.

Rural production structure was further readjusted. Of the total rural production value, the proportion of nonagricultural production, such as industrial, building industrial, transportation, commercial, and catering production, rose from 70.9 percent to 71.4 percent. This made great contributions to further improving the appearance of rural areas and to steadily developing rural economy.

With increased investment in agriculture, in 1986, the municipality vigorously applied scientific methods to grow crops, expanded areas for growing improved varieties of crops, and strengthened field management and the construction of auxiliary projects for water conservancy works. Under the circumstances in which grain growing areas were reduced by 12,000 hectares from 1985 and that some suburban counties were seriously stricken by disasters, the total grain output reached 2.165 million tons (4.33 billion jin), another bumper harvest year.

The inherent agricultural structure was readjusted by a bigger margin. Areas for growing watermelons and vegetables increased and fish pond areas were expanded. Except for dried and fresh fruits, the output of nonstaple foodstuffs increased.

The output of major foodstuffs were as follows:

|                    | 1986               | 1986 percentage<br>calculated based on<br>1985 figure |
|--------------------|--------------------|---|
| Vegetable          | 2.227 million tons | 109.2   |
| Milk               | 146,000 tons       | 107.7   |
| Eggs               | 147,000 tons       | 104.2   |
| Fish caught        | 21,000 tons        | 131.3   |
| Watermelon         | 325,000 tons       | 128.5   |
| Dried, fresh fruit | 187,000 tons       | 99.0  |



In the course of increasing the output and variety of nonstaple food, we have made great efforts to improve the quality. Supply of vegetables in the off seasons increased generally; the proportion of fine-quality fish under breeding reached one-third or higher; the renewal of the variety of watermelons was accelerated, with the fine variety--"Zhengzhou No. 3"--accounting for over 90 percent; the output of fresh flowers numbered 1 million; and the number of fruit trees increased by 30 percent over the previous year.

The building of agricultural by-products production bases was strengthened further. New achievements were scored in building modernized vegetable production bases in Chaoyang District's Shibalidian and in Fengtai District's Huangtugang Township. New progress was made in building fish growing base pools, and in building bases for producing pork pigs, milk cows, egg hens, chickens, beef, and fruit. Of the 17 agrotechnical bases projects, construction of 6 projects has already begun, and that of 1 project has already been completed. Completion and commission of these agricultural production base projects will further promote Beijing's foodstuff production towards the orientation of specialization, modernization, and commercialization.

Town and township enterprises vigorously imported technologies, equipment, and talents, and organized associations. In 1986 they established economic and technological cooperative relationships with more than 80 localities in other provinces and municipalities. Meanwhile, they promoted the development of new technologies and new products, thus helping modernize their technologies. The total income of town and township enterprises topped 6 billion yuan, a 15.2-percent increase over the previous year.

### 3. Investment in Fixed Assets and Construction

Control was exercised over the hasty growth of investment in fixed assets. In 1986 the municipality's investment in fixed assets totaled 9.45 billion yuan, a 21.5-percent increase over the previous year, a lower growth rate than the 49-percent rate of 1985. Of the total investment in fixed assets, 5.87 billion yuan went into capital construction, an 8.3-percent increase over 1985; and 3.58 billion yuan went into projects of equipment renewal and technological transformation, a 51.7-percent increase over 1985. Investment in the local capital construction was nearly equal to the 1985 figure. In addition, collectively owned enterprises failed to fulfill the state-assigned target of investing 1.4 billion yuan in capital construction.

Construction of key trades was strengthened, and fixed assets investment structure continued to develop towards rational orientation. Investment in food, building materials, automobiles, and electronics industries totaled 860 million yuan, a 22.9-percent increase over 1985; that in transport and post and telecommunications, 660 million yuan, a 23.7-percent increase; that in culture, education, and public health, 1.23 billion yuan, a 38.2-percent increase, with its proportion in the total investment rising from 11.4 percent in 1985 to 13 percent in 1986; and that in scientific research, 470 million yuan, an 11.5-percent increase, with its proportion in the total investment rising from 2.3 percent in 1985 to 5 percent in 1986.

Construction of the state key projects was guaranteed. An investment of 790 million yuan was made in 25 key construction projects organized by the state in our municipality and scheduled for a reasonable construction period. All these 25 construction projects fulfilled the state plan concerning progress rate. Construction of the earthwork of the Chinese Meat Food Research Center, the Beijing International Telecommunication Bureau, the Central Color Television Center, and 2 other projects has already been completed. The Beijing Dongfang Chemical Industrial Plant has formally passed the state assessment and has been put into production.

To reduce the investment in fixed assets, the municipality conscientiously reviewed the projects under construction. At the end of 1986, the number of capital construction projects that were being built throughout the municipality reached 1,878, 304 fewer than the previous year. Of these projects, 567 were begun in 1986, 129 fewer than the previous year. Total housing construction area was 27.6 million square meters, a drop of 1.5 percent from the previous year, a drop rate never seen in the past 10 years. The total floor space of housing completed in 1986 came to 9.04 million square meters, a 1.4-percent increase over the previous year, or equal to nearly a half of the area of Beijing City right after liberation. The total floor space of residences completed in 1986 reached 5.01 million square meters, a 5.3-percent increase over 1985, or equal to the floor space of five Jingsong residential zones. The completion rate rose from 31.8 percent in 1985 to 32.8 percent in 1986.

Focusing on invigorating enterprises, construction enterprises have further consolidated and improved various reform measures, thus mobilizing the enthusiasm of workers and staff members, and improving the quality of projects. In 1986 the total output value of building industry was 5.13 billion yuan, a 16.9-percent increase over 1985; and the per-capita productivity, 9,348 yuan, a 20.7-percent increase.

#### 4. City Construction and City Management

In 1986 our municipality facilitated the construction of infrastructures, including water, power, gas and heat supply, communications, and telephone installations. Marked changes were made in the appearance of the capital and continued improvements were made in the people's livelihood.

In 1986 the investment in the urban infrastructures reached 1.45 billion yuan, up 25 percent over the previous year.

We completed the Chengzi water works project in Tongxian County, which added a daily water supply capacity of 62,000 tons; completed the second stage of the project on using the Yongdinghe water diversion channel to stop the polluted water, thus improving the quality of drinking water for nearly 1 million residents; and abolished 31 public water supply stations outside Sanhuan road, thus solving the drinking water problem of 2,500 households. The annual water sales volume of the water company reached 430 million tons, an increase of percent over the previous year. Of this, 270 million tons were used by residents, an increase of 7.7 percent.



Three 100,000-volt power substations were built in Zizhuyuan, Jiannanmen, and Beijisi, thus creating conditions for improving power supply. In 1986 the power consumption of the entire municipality came to 11.85 billion kwh, an increase of 7.1 percent over the previous year. Of this, 490 million kwh of electricity were used by urban and rural residents, up 28.8 percent.

A quick progress was made in the supply of gas for cooking. During the year, we installed gas and natural gas pipes for 105,000 families and among them, 25,000 families were supplied with gas. The construction of the liquefied petroleum gas tanks plant with an annual storage capacity of 80,000 tons of gas was completed in the north suburban area. By year end, 1.53 million households throughout the municipality had coal gas and liquefied petroleum gas supplies through pipes. Among these households, 1.442 million were under the management of the gas company. About 87 percent of the residents had gas for cooking.

Another three boilers were commissioned in Zuojiashuang Heat Supply Plant, which added a heat supply capacity of 75 million kilocalories per hour. An addition of nearly 600,000 square meters of area received heating. The heat supply situations of more than 10,000 families improved. At present, the municipality as a whole have ensured central heating supply to places with a total area of 9.75 million square meters, an increase of 6.4 percent over the previous year.

The municipality as a whole built and expanded the construction of trunk roads with a total length of more than 100 km. We built and readjusted a total of 43 public bus routes and an addition of 54.7 km of new bus routes were in operation. In the city proper, we opened up five traffic intersections in the main street outside Dongzhi Gate, built the Dabeyao overpass, the overline bridge for pedestrians in Caishikou, and underground passes in Beihai and Jingshan, and improved the traffic congestion in the capital. In 1986, the number of passengers who travelled by means of public buses was 3.3 billion, a slight decline from the previous year. At the end of the year, the total length of roads in the urban areas reached 3,038 km, an increase of 59 km over the previous year. A total of 4,784 public buses were in operation in the urban areas, an increase of 191 buses over the previous year.

Rapid progress was made in planting trees and beautifying the city. During the year, we built 1.36 million square meters of lawns and planted 1.65 million trees. The key afforestation projects along Xiangheyuan road and Zizhuyuan road were completed. We planted trees along five roads, including the Jingzhang road and the Jingkai road, with a total length of 117 km. Two large recreation grounds in Longtan Lake and Shijingshanbajiao were formally opened to the public. The second-phase project of Daguan yuan was completed and began to receive tourists officially.

We scored remarkable achievements in improving the environment and basically fulfilled the tasks of handling 755 projects on disposing the pollution sources in the gymnasium area in Chongwen District and in the west Changan street. We also fulfilled the polluted water disposal projects in 22 hospitals. Through adopting measures to improve, renovate, merge, remove, and suspend the

operation of some plants, we succeeded in solving the pollution problems of 77 plants and workshops which caused disturbances to the people.

The construction of satellite towns gradually embarked on a path of sound development. The construction of such satellite towns as Huangcun, Changping, and Tongzhen began to take shape. At present, the municipality's satellite towns have a population of 960,000 people, accounting for about 17 percent of the total urban population; and these towns have about 600 industrial enterprises and units (not including village- or individual-run industrial enterprises), accounting for 13 percent of the municipality's total industrial enterprises. While developing the construction of satellite towns, the municipality paid attention to the construction of urban infrastructural projects and various cultural facilities. Through construction, the scale of urban districts has preliminarily been controlled and the development of rural areas has further been enlivened.

## 5. Transport and Post and Telecommunications

Transportation departments fairly fulfilled their tasks through continuously tapping potential and increasing transportation capacity. The volume of passengers transported by railways was 41.06 million persons, an increase of 280,000 persons over 1985 and the volume of cargo handled by railways reached 30.3 million tons, an increase of 10,000 tons. The average daily productivity of each locomotive reached 904,000 ton/km, an increase of 4.9 percent over 1985.

The volume of passengers transported by highways was 26.7 million persons, a drop of 9 percent from 1985. The rotation volume of passenger transport reached 1.06 billion person/km, a drop of 2.8 percent from 1985. The rotation volume of goods transport reached 49.51 million tons, an increase of 6.3 percent over 1985. The volume of cargo turned over by highways reached 1.04 billion ton/km, an increase of 3.4 percent.

Civil aviation industry was developed in a rapid manner. The volume of passengers handled by the aviation industry reached 1.891 million people, an increase of 28.6 percent over 1985. The volume of goods delivered by mail reached 46,000 tons, an increase of 15 percent.

Greater development was made in post and telecommunications. The total business transactions reached 250 million yuan, an increase of 13.9 percent over 1985. A total of 280 million letters and 1.1 billion copies of newspaper, periodicals, and magazines were delivered, respectively increasing by 7.7 percent and 3.2 percent over 1985. Three telephone offices, such as Changdian, Sanlitun, and Huangchenggen telephone offices, have preliminarily been built. Newly added telephone installed capacity was 18,000 channels. The number of telephone users in the urban areas reached 163,000. Two telephone suboffices have also been built and 53 postal savings centers were established. The masses have been provided with many conveniences.

## 6. Commerce

Structural reform of commerce progressed further. Markets were brisk. Both purchasing and marketing were brisk. The total retail sales of commodities reached 14.65 billion yuan, an increase of 14.6 percent over 1985. If factors for price hikes were deducted, the increase in this regard was 7.4 percent. Of the total volume of retail sales of commodities, consumer goods sold to residents increased 11 percent and means of agricultural production increased 13.2 percent. Institutional purchasing power was brought under control. The volume of retail sales of consumer goods to institutions increased 16.2 percent, lower than the increase rates of the previous 2 years. Of the volume of retail sales of consumer goods, the sales of food increased by 14.5 percent over 1985, those of daily necessities increased by 14.8 percent, those of fuel increased by 13.7 percent, and those of clothes dropped by 0.5 percent.

Commercial departments generally began to carry out various forms of management responsibility systems and leasing systems. At the end of 1986, 4,431 enterprises in eight suburbs carried out the responsibility system and 2,548 enterprises in these areas carried out the leasing system. Of this, 386 enterprises were leased by the collectives; 1,586 enterprises were run in partnership on a leasing basis; and 576 enterprises were leased by individuals or households. Through carrying out the leasing system, equalitarianism has been eliminated, staff members and workers have enhanced a sense of responsibility for being masters of the enterprises, and enterprises have improved their service quality. Thus, the enterprises' economic results and social benefit generally increased. Lateral economic cooperation was further strengthened. At the end of 1986, the municipality had 365 economic associations with 13,000 staff members and workers involved. The total capital volume of these associations at year end reached 250 million yuan; and their total profits reached 64.04 million yuan, an increase of 6.7 percent over 1985.

The deepening of reform has helped invigorate buying and selling on markets. In 1986 the total output value of commodities purchased by commercial departments reached 21.72 billion yuan, a 1.5-percent increase over the previous year. Of this, commodities purchased from local departments increased by 2.7 percent; and those from departments outside the municipality, 3.1 percent. Of the commodities purchased from local departments, agricultural by-products increased by 33.8 percent, a relatively big increase rate. The purchased amount of readily marketable commodities and daily necessities increased remarkably; and the commodity supply structure was improved greatly. Such major foodstuffs as vegetable, meat, and poultry were put on market in a balanced manner, and the market supply of these foodstuffs was guaranteed.

In 1986 the newly added commercial, catering, and service shops numbered 15,000, of which, 338 were barber shops, 710 were garment processing shops, and 352 were bicycle repair centers.

The price index has been controlled within the state-stipulated scale. In 1986 our municipality, on the one hand, strengthened the control over prices and maintained a basic stability in market prices; and, on the other hand, paid attention to improving the price-controlling measures and readjusted a

number of unreasonable prices in a planned manner through the method of combining relaxed control with readjustment. At the same time, the price inspection and supervision were strengthened. In 1986 the retail price index rose 6.7 percent over 1985, a lower increase rate than the state assigned rate of 8 percent. Of this figure, 4.9 percent of increase resulted from the food-stuff price hikes in 1985; and 1.8 percent of increase resulted from the price rises in 1986, greatly lower than the price hike rate of 18.6 percent in 1985. The increase in the cost of living index for workers and staff resulted in the increase of people's expenses. Adjusted for price rises, people's living standards still showed a great improvement.

## 7. Opening to the Outside World, Foreign Trade, and Tourism

A record high was set in foreign trade, export, and utilization of foreign capital, and the tourist industry was brisk even in the off seasons. In 1986 foreign trade departments in the municipality vigorously opened up new sources of goods for export, and paid attention to improving the export commodity structure, resulting in big increase in foreign exchange revenues through export. The municipal total value of commodities exported reached \$720 million, overfulfilling the annual target by 12.4 percent, or a 16.7-percent increase over the previous year. As a result, the situation in the past 5 years in which the total value of exported commodities paced up and down the figure of \$600 million has been terminated.

The export product mix changed from exporting agricultural, sideline, local, and special products to exporting finished products, and from exporting primary products to exporting intensively processed products. The export volume of electrical and mechanical products increased by 66.7 percent over 1985, and its proportion in the total export volume rose from 8 percent in 1985 to 12 percent in 1986. At the 60th Guangzhou Trade Fair, the transaction volume of Beijing Municipality was a record high of \$155 million, an increase of 26 percent over the figure at the 59th Guangzhou Trade Fair.

Good results were made in the utilization of foreign capital. By the end of 1986, the municipality approved the establishment of 189 foreign-invested enterprises, with the contracted investment value reaching \$2.16 billion. In the course of drawing foreign capital, the municipality paid attention to giving correct guidance to the utilization of foreign capital. Among the foreign-invested enterprises approved in 1986, one-third were enterprises using advanced technologies, and their contracted investment value increased by 66 percent over the previous year.

The tourist industry developed rapidly, and the foreign exchange income increased greatly. In 1986 a total of 27 hotels were newly built, which added the number of beds by 10,000. In 1986 the municipality received 990,000 foreign tourists, Overseas Chinese, and our compatriots in Hong Kong and Macao, an increase of 54,000 tourists over the previous year. The foreign exchange income totaled \$440 million, a 39.8 percent increase over 1985. The staying period of tourists in the municipality extended, the sources of tourists were in balance, and the tourist industry was brisk even in off seasons.



## 8. Finance and Insurance

Revenue was overfulfilled. The annual revenue reached 6.03 billion yuan, overfulfilling the budget by 30 million yuan and showing an increase of 4.8 percent over 1985 if calculated in terms of comparable items. Tax revenue was fulfilled in a good manner, overfulfilling the budget by 3.4 percent and showing an increase of 12.3 percent over 1985. Expenditure was 4.43 billion yuan, an increase of 18.5 percent over 1985. Expenses for administrative and management funds were brought under control, not exceeding the budgetary targets adopted at the municipal People's Congress.

Insurance business was developed rapidly and its service quality was improved notably. The municipal insurance company has established 604 agencies in different areas and the varieties of insurance service increased from 83 in 1985 to 101. The total volume of insured assets at year's end reached 39.5 billion yuan, an increase of 20.4 percent. The total annual income from insurance premium reached 170 million yuan, an increase of 110 percent over 1985. Of this, the income from insurance at home showed an increase of 53.9 percent over 1985 and that from abroad increased by 2.9 times.

## 9. Science, Education, and Culture

Structural reform of science and technology was deepened in a step-by-step manner. Scientific research units have shifted their orientation from scientific research to scientific research development and management, and notably improved their economic results. In 1986, scientific research departments at all levels throughout the municipality made 2,900 scientific and technological findings. Of these new findings, more than 1,400 were popularized and applied. Thus, 1.2 billion yuan of output value were newly added and more than 200 million yuan of profits were created. The municipality occupied first place in the nation with regard to the number of scientific and technological findings that applied for patents or that had won patent rights. Lateral cooperation between scientific research and production units continued developing. So far, Beijing has more than 600 organizations linking scientific research with production, an increase of 20 percent over the previous year. These organizations cooperatively developed more than 6,000 projects and gained more than 260 million yuan of output value. The ranks of scientists and technicians continued to expand. At the end of 1986, 28,000 science professionals and technicians were employed in the municipal-level scientific research units, an increase of 4,000 over that of 1985. The proportion of personnel engaged in scientific and technological activities in independent research units reached 75.5 percent.

Education developed steadily in the course of reform. The municipality had 67 institutions of higher learning in 1986, 5 more than the figure of 1985. A total of 130,000 students were enrolled in these institutions, an increase of 7,000 students or 5.7 percent over 1985. A total of 27,000 students were graduated from these institutions, an increase of 6,000 students and 28.6 percent over 1985. Institutions of higher learning scored better social benefit in 1986 thanks to reforming enrollment methods and the methods for distribution of graduates.

Secondary vocational and technical schools developed rapidly. The municipality had 120 such schools with an enrollment of 45,000 students, 6,000 students more than that of 1985. Vocational (agricultural) middle schools and senior middle schools where no vocational (agricultural) course were established enrolled 44,000 students, an increase of 4,000 students over that of 1985. Regular middle schools enrolled 565,000 students, an increase of 23,000 students.

Primary schools had an enrollment of 749,000 pupils, an increase of 15,000 pupils. Preschool education and programs for the blind, deaf-mute, and mentally retarded developed.

Adult education also continued to develop. The enrollment in television colleges, evening universities, vocational colleges, correspondence universities, and sparetime colleges reached 142,000 students, an increase of 38,000 students over 1985. A total of 31,000 students were graduated from these schools, an increase of 15,000 students.

Cultural, press, publication, and radio and television undertakings played a positive role in reflecting the achievements in socialist construction and enriching the people's cultural life. In 1986, 60 million copies of magazines and 1.04 million copies of newspapers were published by different localities. The construction of Beijing Educational Television Station was completed and Beijing distribution center of Xinhua Bookstore was established within the year.

#### 10. Public Health and Sports

We rapidly developed public health undertakings. During the year, the health departments invested a total of 100 million yuan in capital construction, the highest figure in history. The health departments built and expanded the construction of 36 hospitals during the year, of which 10 hospitals were completed within the year. A total of 831 new hospital beds were added. At the end of the year, the municipality as a whole had 372 hospitals in the urban and rural areas, with a total of 40,000 hospital beds. There were 3,887 outpatient clinics, an increase of 228 clinics over the previous year. The municipality as a whole had 94,000 professional health workers, an increase of 4,000 persons over the previous year.

Our municipal athletes scored gratifying achievements in major international and domestic competitions and won a total of 117 gold medals, 123 silver medals, and 113 bronze medals. During the 10th Asian games, our municipal athletes won a total of 15 gold medals and 17 silver medals. Mass sports activities were extensively carried out.

#### 11. People's Living Standards

The livelihood of the urban and rural people continued to improve. Based on a survey among 1,000 urban families, the average annual per-capita income for living expenses of the residents was 1,067 yuan, up 159 yuan, or 17.6 percent over the previous year. If the rise in the prices was factored in, the

increase was 10.2 percent. The consumption pattern of the residents continued to change and their housing conditions continued to improve.

Based on a survey among 1,100 rural families, the average annual per-capita net income of peasants was 823 yuan, an increase of 48 yuan or 6.2 percent over the previous year. Of this, 718 yuan came from productive business, up 28 yuan. The average annual per-capita living expenses was 644 yuan, up 134 yuan over the previous year. Peasants' cultural activities during their spare time were gradually enriched. The housing level further raised. The average living space for each person rose from 16.2 square meters in the previous year to 17.2 square meters. However, the livelihood of a small number of peasants in the remote suburban districts, counties, and impoverished area was still fairly difficult.

We further reformed the labor wages system. The income of staffers and workers increased generally. At the end of the year, there were a total of 3.907 million workers, an increase of 84,000 persons over the figure at the beginning of the year. The total amount of wages during the year reached 5.76 billion yuan, an increase of 13.5 percent. Of this, 1.26 billion yuan were bonuses (including the payments for work above quotas), up 6.5 percent over the previous year. The average amount of wages for each worker reached 1,692 yuan, an increase of 11.1 percent over the previous year. Together with the price subsidies for nonstaple food, the actual wages of workers showed an increase of 6 percent over the previous year if the rise in prices was excluded.

The amount of savings deposits of the urban and rural residents increased by a large margin. At the end of the year, the total amount of savings deposits of the residents in cities and towns reached 6.86 million yuan, an increase of 1.69 billion yuan over the previous year. Of this, 5.56 billion yuan came from the urban residents, an increase of 1.34 billion yuan over the previous year; and 1.3 billion yuan came from the rural residents, an increase of 350 million yuan over the previous year.

## 12. Population

The urban population continued to increase. Based on statistics compiled by the Household Registration Administrative Bureau, at the end of the year, the permanent residents of the municipality numbered 9.712 million persons, an increase of 133,000 over the previous year. Of this figure, 3.844 million persons were rural people, a decline of 10,000 persons from the figure released at the beginning of the year; and 5.868 million were urban people, an increase of 143,000 persons over the previous year. Of the increase in the urban population, 58,000 persons were subjected to the mechanical population growth [jixie zengjia renkou 2623 2750 1073 0502 0086 0656], accounting for 41 percent of the total growth figure. Calculated according to the sample survey data on the change in population, in 1986, the birth rate was 15.82 per thousand, an increase of 0.37 per thousand. The death rate was 4.47 per thousand, a decline of 1.28 per thousand. The natural population growth rate rose from 9.7 per thousand in the previous year to 11.35 per thousand.

The main problems in the 1986 municipal economic development were: We experienced a tense situation in energy supply and communications; the production set-up and the product mix did not keep pace with the consumption pattern; the scope of investment in fixed assets was still too large; the urban population continued to grow; and inconveniences and contradictions in the livelihood of the urban people were fairly obvious. All these problems must be solved in the future.

/9716

CS0: 4006/455



## PROVINCIAL AFFAIRS

### HEILONGJIANG COMMUNIQUE ON ECONOMIC DEVELOPMENT

SK210745 Harbin HEILONGJIANG RIBAO in Chinese 7 Mar 87 p 2

["Text" of communique on statistics for 1986 economic and social development of Heilongjiang Province, issued by the provincial Statistical Bureau on 6 March 1987]

[Text] In 1986 under the leadership of the Party Central Committee, the State Council, the Heilongjiang Provincial Party Committee and the provincial People's Government, the people throughout the province strictly implemented the policy of structural reform, opening to the outside world, and invigorating the domestic economy, scored new achievements in economic and social development, and created a good beginning for implementing the Seventh 5-Year Plan. According to initial statistics, the total social product (Note 1: Total social product is the sum of agriculture, industry, construction, transport, posts, telecommunication, and commerce; national income is the sum of net output value of the above-mentioned five departments; the total social product and the gross industrial and agricultural output value are calculated in terms of 1980 constant prices. National income is calculated in terms of 1987 prices, and the increase rate is calculated in terms of comparable prices.) came to 60.74 billion yuan, an increase of 8.7 percent over the previous year. Of this sum, the total output value of industry and agriculture was 51.09 billion yuan, up 9.2 percent over 1985. National income reached 32.75 billion yuan, an 8.6 percent increase over 1985. Along with the sustained growth of production, technological transformation was speed up, the domestic market flourished, foreign trade was brisk, financial revenues and expenditures were in balance, people's income increased, people's living standards improved, and progress was made in science and technology, culture and education, health, and sports. According to preliminary estimates, the gross national product (Note 2: Gross national product refers to the products and labor value provided for society by the productive and nonproductive departments in the province, excluding the products and labor value consumed during the course of production. Gross national product is calculated in terms of 1985 prices, and the increase rate is calculated in terms of comparable prices.) was 39.84 billion yuan, a 9.3 percent increase over 1985. The major problems in the economy were the failure to radically change the situation in which the general social demand exceeds the general social supply; the failure to gear the change of product mix to the change of market demand; and the failure to yield good economic results among industrial and commercial enterprises.

## I. Agriculture

Despite being hit by serious natural calamities and relatively more difficulties than in previous years, the province attained the fighting goal set forth by the provincial Party Committee and the provincial government with regard to "returning to normal within 1 year after being hit by natural calamities." In 1986 the province reaped a bumper harvest in all crops. The 1986 agricultural output value totalled 11.81 billion yuan, a 13 percent increase over the previous year, or exceeding the planned growth rate of 5 percent. In total agricultural output value, the proportion of the cropping industry rose from 74.9 percent in 1985 to 76.9 percent in 1986.

A record high was set in grain production. The total grain output was 17.763 million tons (35.53 billion jin), an increase of 3.742 million tons (7.48 billion jin), or 26.7 percent, over the previous year. There were an increase in the output of beets, jute and ambary hemp, cured tobacco, and traditional Chinese medical herbs, and a decrease in oil-bearing crops as a result of the planned reduction in acreage devoted to them.

The output of staple agricultural products was as follows:

|                      | 1986 (tons)    | changes from 1985 (%) |
|----------------------|----------------|-----------------------|
| Grain                | 17.763 million | 26.7                  |
| of which: rice       | 2.208 million  | 35.5                  |
| wheat                | 3.559 million  | -5.5                  |
| corn                 | 6.32 million   | 64.7                  |
| soybean              | 3.78 million   | 20.5                  |
| tubers               | 475,000        | 8.4                   |
| vegetable            | 5.85 million   | 20.6                  |
| oil-bearing crops    | 190,300        | -32.9                 |
| jute and ambary hemp | 204,400        | 38.5                  |
| beets                | 3.898 million  | 23.7                  |
| cured tobacco        | 80,700         | 16.1                  |

The further implementation of the new forestry policies stimulated the people's enthusiasm for planting, managing, and protecting forests. The provincial afforestation acreage totalled 5.928 million mu, overfulfilling the plan by 928,000 mu. An increase was made in the output of major forestry products.

Animal husbandry also expanded sustainedly. The number of large animals at year's end increased. The output of pork, beef, and dairy products increased. The number of milk cows has showed an increase year by year and has surpassed 300,000 head a record high. However, the number of pigs decreased, and particularly the number of sows decreased by a big margin. The output of major animal by-products and head of livestock was as follows:

|                       | 1986         | increase over 1985 (%) |
|-----------------------|--------------|------------------------|
| pork, beef and mutton | 331,000 tons | 5.1                    |
| milk                  | 538,000 tons | 25.1                   |
| sheep wool            | 6,542 tons   | -13.5                  |
| eggs                  | 186,000 tons | 9.3                    |

Fishery developed rapidly. The output of aquatic products was 84,000 tons, up by 27.3 percent over the previous year. Of this output that of freshwater products was 54,000 tons, up by 42.1 percent over the previous year and topping the previous high.

Improvement was made in the conditions of agricultural production. By the end of 1986 the province possessed 199,000 small and hand-supporting tractors, up by 32.7 percent over the previous year; 86,000 large and middle-sized tractors, a 6.5 percent decrease over the previous year; 11,595 trucks, an 11.3 percent decrease over the previous year; 53,000 threshing machines, up by 43.2 percent over the previous year; 42,800 large carts with rubber wheels, up by 12.3 percent over the previous year; and power of irrigation and drainage equipment of 880 million watts, a 22.2 percent rise. A total of 477,000 (net) tons of chemical fertilizer were applied during the year, a 13.3 percent increase over 1985. The total consumption of electricity in the rural areas was 1.52 billion kwh, a 5.6 percent increase over the previous year.

Reforms in the countryside continued to develop in depth and the rural economic structure was further readjusted. The total rural social product in 1986 reached 20.63 billion yuan, up by 24.9 percent over the previous year. (Note 3: The total rural social product is composed of the total agricultural output value and the total output value scored by the rural collectively and individually owned enterprises of industry, construction, communications and transportation, and commerce.) Of this total social product, that scored by the rural industrial, construction, transport, and commercial enterprises showed a 35.7 percent increase and the proportion increased from 30.8 percent in 1985 to 33.5 percent in 1986.

At present, some unstable factors in agricultural production still exist. Some old water conservancy facilities have not been well repaired and their capability for resisting natural disasters has become weak. All this urges us to further upgrade their capability to develop reserve strength.

## II. Industry

Industrial production maintained a normal rate of increase. The total industrial output value in 1986 was 39.28 billion yuan, an increase of 8 percent over the previous year and exceeding the planned growth of 7 percent. Excluding rural industry, the output value was 37.82 billion yuan, up by 7.5 percent over the previous year. Of the total, the state-owned sector's output value increased by 6.7 percent, collectively-owned industry by 9.3 percent, individually-owned industry by 39.3 percent, and economic industry of other kinds of ownership by 3.1 percent.

Improvements were made within the industrial structure. Light industry vigorously developed new technology and actively increased the volume of products enjoying brisk sales. The total output value of light industry in 1986 was 12.71 billion yuan, up by 8.3 percent over the previous year. Of the total output value of heavy industry, that of energy resources, raw materials, and machinery and electric equipment achieved a stable increase. The total output value of heavy industry in 1986 was 24.89 billion yuan, up by 6.2 percent over the previous year. Of the total, that of industries of machinery, metallurgy, and building materials respectively increased by from 8.2 percent to 21.8 percent. The total output of energy resources (standard coal) was 134.47 million tons, up by 2.5 percent over the previous year.

Of 56 major products, 33 fulfilled, or overfulfilled their targets including machine-made paper, cigarettes, watches, recorders, chemical medicines, plastic goods, raw coal, crude oil, electric power, steel, timber, and cement; 23 did not fulfill their targets including sugar, chemical fiber, household washing machines, television sets, motor vehicles, and tractors; 42 surpassed the 1985 figure; and 14 scored lower output than that of 1985.

The output of major industrial products was as follows:

|                              | 1986                 | change from 1985 ( ) |
|------------------------------|----------------------|----------------------|
| Cloth                        | 251 million meters   | 6.4                  |
| Woolen goods                 | 6.72 million meters  | 9.4                  |
| Chemical fiber               | 42,610 tons          | 1.0                  |
| Linen                        | 2.415 million meters | 7.5                  |
| Sugar                        | 393,000 tons         | -7.2                 |
| Dairy products               | 59,900 tons          | 49.8                 |
| Beer                         | 396,000 tons         | 8.1                  |
| Cigarettes                   | 48,500 boxes         | 21.6                 |
| Machine-made paper and paper |                      |                      |
| Board                        | 46,800 tons          | 4.0                  |
| Bicycles                     | 160,000              | 75.1                 |
| Watches                      | 585,000              | 16.5                 |
| TV sets                      | 86,500               | -58.6                |
| of which color sets          | 46,800               | -51.1                |
| Tape recorders               | 81,400               | 48.5                 |
| Cameras                      | 10,300               | 3.4                  |
| Household washing machines   | 69,200               | -66.0                |
| Synthetic detergent          | 20,071 tons          | 20.9                 |
| Plastic goods                | 81,000 tons          | 24.6                 |
| Chemical medicine            | 2,949 tons           | 38.9                 |
| Raw coal                     | 65.719 million tons  | 5.2                  |
| Crude oil                    | 55.552 million tons  | 0.5                  |
| Electricity                  | 20.22 billion kwh    | 8.1                  |
| Pig iron                     | 377,000 tons         | 29.6                 |
| Steel                        | 749,000 tons         | -1.1                 |

|                               |                            |       |
|-------------------------------|----------------------------|-------|
| Steel products                | 695,000 tons               | 6.6   |
| Aluminum products             | 52,400 tons                | 10.8  |
| Sulphuric acid                | 34,600 tons                | 7.5   |
| Soda ash                      | 52,900 tons                | 25.7  |
| Synthetic ammonia             | 446,000 tons               | -5.4  |
| Agricultural<br>fertilizer    | 321,000 tons               | -4.4  |
| Agricultural<br>chemicals     | 648 tons                   | -51.6 |
| Tires                         | 1.067 million              | -16.4 |
| Power generating<br>equipment | 1.256 million kw           | 20.6  |
| Machine tools                 | 3,357                      | 11.1  |
| Tractors                      | 457                        | 2.9   |
| Small tractors                | 37,270                     | -20.6 |
| Timber                        | 17.74 million cubic meters | 6.4   |
| Cement                        | 4.604 million tons         | 8.5   |
| Plate glass                   | 1.883 million boxes        | 26.5  |

Industrial enterprises achieved new results in saving energy, cutting raw material consumption, and improving product quality. The overall energy consumption per 10,000-yuan output value of the key enterprises which consume 50,000 tons of energy or more dropped from 12.13 tons in 1985 to 10.86 tons in 1986, a drop of 10.5 percent. The quality stabilization and improvement rate of industrial products reached 87.2 percent, and the rate of quality products reached 20.2 percent. In the nationwide product quality appraisal, 4 products of our province won gold medals, 2 won silver medals, and 100 won the prizes of ministries. In the provincial quality product appraisal, 422 products were appraised as provincial-quality products, 68 were appraised as provincial-quality foodstuffs, and 19 won the hundred-flower prizes for arts and crafts. In 1986 the province developed a total of 2,518 new products, which created 592 million yuan in output value and added 121 million yuan in profits and taxes.

New advances were made in the structural reform of industrial enterprises and in lateral economic associations. About 45.5 percent of state-owned industrial enterprises in the province introduced the plant director responsibility system; and 20.9 percent of small state-owned industrial enterprises changed their managerial methods, of which, 10.7 percent implemented the system of being owned by the state while being managed by collectives, the leasing system, and the system of contracting to individuals. Lateral economic associations were on the rise. By the end of 1986, our province established economic and technological cooperation relation with more than 300 prefectures, cities, and counties in 28 provinces, municipalities and autonomous regions; signed a total of 7,720 economic and technological agreements; and imported 310 million yuan of funds. According to incomplete statistics, the 360 newly organized economic associations infused new vitality in the province's economic development.

The major problems in industrial production were: The readjustment of the production structure and product mix could not keep pace with the change in the



structure of demand and supply; and the quality of some products was not stable enough which resulted in overstocking of products and added cost, and thus hampered improvement in economic results. According to initial statistics, the total output value of industrial enterprises covered by the provincial budget increased by 7.1 percent over the previous year, their profits and taxes increased by 6 percent, the total cost of comparable products rose by 6.4 percent, the turnover period for working funds extended by 2 days on an average, losses increased by 26.2 percent, the number of money-losing enterprises increased by 3 percent, and the per-capital productivity of the state-owned industrial enterprises rose by 2.4 percent only.

### III. Investment in Fixed Assets and Construction

Control was exercised over the hasty growth of investment in fixed assets. Construction of key projects as well as equipment renewal and technological transformation were further strengthened. In 1986 the investment in fixed assets both in the cities and the countryside totaled 12.28 billion yuan, 1.11 billion yuan or 9.8 percent more than in the previous year, a lower growth rate than the 26.6-percent rate of 1985. Of the total investment in fixed assets, 1015 billion yuan was made by state-owned enterprises, an 11.4-percent increase over the previous year; 720 million yuan by collectively-owned enterprises, a 26.3-percent increase; and 1.41 billion yuan by individuals, a drop of 16.6 percent.

Of the investment in fixed assets of state-owned enterprises, 5.712 billion yuan went into capital construction, a 19.1-percent increase over the previous year, or a 0.8-percent decrease considering the rise in prices of raw materials and equipment. In 1986 the number of capital construction projects under way was 2,907, 110 fewer than in the previous year, of which, the number of projects newly began in 1986 decreased by 174. Improvement was made in the investment structure. Investment in productive projects totaled 3.81 billion yuan, a 34.6-percent increase over the previous year, with its proportion rising from 59 percent in 1985 to 66.7 percent in 1986; and investment in nonproductive projects totaled 1.902 billion yuan, a drop of 3.4 percent from the previous year, with its proportion dropping from 41 percent in 1985 to 33.3 percent in 1986. Construction of key projects was continually strengthened. Of the investment in key projects, 1.59 billion yuan went into energy projects, a 25.9-percent increase over the previous year; and 572 million yuan went into transport, posts, and telecommunications, an increase of 59.1 percent. Investment in the 48 key project under construction throughout the province totalled 2.588 billion yuan, overfulfilling the annual plan by 1.9 percent. The 4 large and middle-sized projects and 14 specific projects covered by the state construction plans, including the Qiqihar electric and chemical plant, the Qiqihar glass factory, the Songhuajiang highway bridge in Harbin City, and the Yian sugar refinery, were completely built on schedule or ahead of schedule and put into production or operation. The newly-increased capabilities resulting from the capital construction are as follows: Oil extracting capability, 70,000 tons; timber felling and transport capability, 210,000 cubic meters; plate glass productive capability, 1.43 million heavy boxes; power transmission lines, 307 kilometers; coal excavating capability, 3.95 million tons; generating sets' capability, 290,000 kw; wool spindle productive

capability, 6,400 spindles; machinery sugar productive capability, 32,000 tons; beer productive capability, 13,000 tons; urban automatic telephone installation, 2,601 lines; newly built railways, 56.7 kilometers; and newly built supplementary railways, 75 kilometers.

The pace of conducting technical renovations among existing enterprises was accelerated. The province's investment in technical renovation projects has reached 2.3 billion yuan, up 44.2 percent over the previous year. Of this investment, equipment purchases have reached 1.22 billion yuan, up 50.6 percent over the previous year. Of the investment in renewal and renovations, projects to save energy, upgrade product quality, and increase the variety of products showed respectively a 23.6-percent increase, a 1-percent increase, and a 63.9-percent increase over the 1985 figure. There were 1,591 renewal and renovation projects throughout the province put into operation or production and supplied reserve strength to develop the enterprises.

The province's 1986 investments in maintenance projects for oilfields and forests and to expand the mines reached 2.139 billion yuan, a 15.3-percent decrease from the 1985 figure.

In 1986 the housing acreage on which state-owned units engaged in construction reached 16.297 million square meters, a 7-percent decrease from the 1985 figure; the acreage on which all houses were completely built reached 9.929 million square meters, a 2.3-percent increase over the 1985 figure; and the completion rate of housing construction increased from 55.4 percent in 1985 to 60.9 percent in 1986. The newly increased fixed assets were worth 8 billion yuan, a 13-percent increase over the 1985 figure, and the usage rate of these new fixed assets was 78.8 percent.

New development took place in conducting reforms among construction enterprises. Of the province's 6,768 construction units under state-run construction enterprises, 5,778 enforced various responsibility systems and their construction contracts covered an acreage of 6.37 million square meters, accounting for 96 percent of their total construction acreage. The urban collectively-owned construction enterprises also largely enforced contract systems. The drive to conduct reform promoted an increase in labor productivity. In 1986 the output value of local state-run construction enterprises reached 1.73 billion yuan, up 12 percent over the previous year; and the per-capita productivity was 7,251 yuan, up 9.8 percent over the previous year.

#### IV. Transport, Post, and Telecommunications

The communications and transportation departments further tapped their transport potential by upholding the principle of conducting reforms and scored an increase in volume of both freight and passenger transport. The total volume of goods transported in 1986 reached 186.87 million tons, up 0.7 percent over the previous year. Of the total, the volume of goods transported by rail was 116.27 million tons, up by 2.5 percent over the previous year; by highway, 21.47 million tons, a 7.1-percent decrease from the previous year; by waterways 4.22 million tons, up 10.5 percent over the previous year; and by civil airlines, 2,800 tons, up 10.5 percent over the previous year. The volume of



oil diverted by the pipeline system was 44.71 million tons, a 0.8-percent decrease from the previous year.

The volume of passengers transported was 211.17 million persons, up 1.4 percent over the previous year. Of the volume, those transported by the railways reached 114.13 million persons, a 5.8-percent decrease over the previous year; those transported by highway reached 95.66 million persons, up 10.4 percent over the previous year; those transported by waterways reached 1.23 million persons, a 19.6-percent decrease from the previous year; and those transported by civil airlines reached 148,000 persons, up 61 percent over the previous year.

Steady development was achieved in post and telecommunications undertakings and capabilities in urban telephone systems and communications were further enhanced. The total volume of post and telecommunications business in 1986 was 120.63 million yuan, surpassing the plan by 1.4 percent and showing an 8.2 percent increase over the previous year. Of the volume, postal letters and parcels showed an 5.8 percent increase over the previous year, newspaper and periodical delivery showed a 12.8 percent decrease from the previous year, telegrams showed a 0.4 percent increase over the previous year, and long-distance telephone calls showed a 6.2 percent increase over the previous year. By the end of 1986, the number of households that possessed telephones totalled 117,000, up 11.5 percent over the previous year.

The economic results of transport, postal, and telecommunication departments improved thanks to their enthusiasm for rendering good service. The per capita productivity of railway transport enterprises in the province reached 431,000 ton/km, a 2.9 percent increase over 1985. The average daily productivity of each locomotive reached 684,000 ton/km, a 3 percent increase over 1985, and profits from the railways reached 303.99 million yuan, a 207 percent increase over 1985. The per capita productivity of water transport enterprises in the province totalled 427,000 ton/km, a drop of 2.4 percent from 1985.

At present, although the pressure on transportation and communications has been relieved somewhat, it still cannot meet the needs of economic development.

#### V. Provincial Commerce, Supply, and Marketing

Along with the deepening of commercial structural reform, the provincial market thrived in 1986. The total value of commodities purchased by commercial departments throughout the province reached 16.52 billion yuan, a 14.1 percent increase over 1985, of which, the value of purchased agricultural sideline products increased by 35.8 percent. The value of 1986 retail sales reached 19.76 billion yuan, a 14.5 percent increase over 1985. When the price rise was factored in, the actual increase was 8.1 percent. Of total retail sales, the value of consumer goods reached 18 billion yuan, a 22.5 percent increase over the previous year, and the value of farm production material and equipment reached 1.76 billion yuan, a 10 percent increase. Retail sales of food, clothing, fuel, and daily necessities also increased in general, and the supply of nonstaple food was better than in previous years. There was an ample supply of vegetables in the cities, which has not been seen in recent years.

The retail sales volume of all consumer goods increased during 1985. Increases included food, 8.7 percent over the previous year; edible vegetable oil, 2.6 percent; cigarettes, 14.7 percent; liquor, 34.5 percent; cotton cloth, 14.7 percent; chemical fiber cloth, 2.7 percent; knit underwear, 12.2 percent; knitting wool, 24.4 percent; bicycles, 7.6 percent; washing machines, 18.8 percent; electric fans, 11 percent; tape recorders, 22 percent, and electric refrigerators, 20.1 percent. Retail sales of meat, poultry, eggs, and aquatic products also increased somewhat. While the volume of retail sales of woolen piece goods dropped by 15.2 percent, and that of television sets by 4.8 percent, the supply of many famous-brand and luxury goods still cannot meet the demand of consumers.

The open circulation system has promoted the increase of retail sales in various economic sectors. In 1986, the retail sales volume of state-owned commercial enterprises was 9.96 billion yuan, 14.5 percent increase over 1985; of collectively owned commercial enterprises, 6.45 billion yuan, a 13.2 percent increase; of individually owned commercial enterprises, 2.28 billion yuan, a 20 percent increase; and of commodities retailed by peasants to non-farmers 1.07 billion yuan, an 18.9 percent increase. Urban and rural market trade was all the more brisk. The number of urban and rural markets increased from 1,345 in 1985 to 1,544 in 1986. Business volume in 1986 amounted to 1.94 billion yuan, an increase of 48.1 percent over the previous year.

Structural reform of commerce progressed further. Altogether 3,089 small state-owned commercial enterprises, catering enterprises, and service enterprises, which exercise independent accounting, were delegated to collectives, turned over the collective ownership, or leased to individuals, accounting for 94 percent of the enterprises which should be delegated to collectives or individuals. Of these enterprises, 2,296 were delegated to collectives for management while being owned by the state, and 782 were leased to collectives or individuals.

There was a drop in the economic results of state-owned commerce and supply and marketing cooperatives. Because of increases in prices and costs in circulation, as well as competition among different commercial enterprises, in 1986 the profits by state-owned commercial enterprises and supply and marketing cooperatives declined by 26.6 percent from the previous year, and profits and taxes they delivered to the state decreased by 10.5 percent. Expenses for every 100-yuan in sales of commodities grew from 10.06 percent in 1985 to 10.29 percent in 1986. The turnover of working funds was extended by 9 days.

Price reforms promoted the development of the commodity economy. The 1986 average increase of the purchase price index was 13.4 percent thanks to the proportional increase of the negotiated price purchase of farm and sideline products. The average general retail price index showed a 5.9-percent increase over the previous year, which was brought under control within the fixed scope of 6 percent. Judging from the urban and rural situations separately, the average urban general retail price index showed a 6-percent increase, while that of rural areas showed a 5.5-percent increase. Judging from the situation in different commodities separately, the price index of nonstaple foodstuffs showed a 6.8-percent increase over the previous year.

Of this increase, that of vegetables showed a 0.6-percent decrease, that of meat and eggs showed a 9.1-percent increase, that of aquatic products showed a 17.2-percent increase, and that of fresh fruits showed a 17.7-percent increase. The price index of garments showed a 6.2-percent increase over the previous year and prices of daily necessities showed a 6.7-percent increase. Prices of medical care and medicines showed a 5.4-percent increase and those of agricultural production means showed a 2.3-percent increase. The price index in living expenses of staff members and workers showed a 6.2-percent increase over the previous year. Of these increased prices, those of consumer goods showed a 6.2-percent increase and those of service trades showed a 6.4-percent increase. The price index of peasants' living expenses showed a 7.5-percent increase over the previous year.

Purchases and sales were brisk in the markets of production means. The total volume of the production means brought by the material supply departments throughout the province in 1986 was 3.32 billion yuan, up by 2.6 percent over the previous year and their sales were 3.63 billion yuan, up by 2.6 percent over the previous year. Supplies of the major production means were as follows: The volume of coal supply reached 27 million tons, up by 1.1 percent over the previous year; that of pig iron reached 11,000 tons, up by 23.6 percent over the previous year; that of cement reached 1.628 million tons, up by 14.9 percent over the previous year; that of steel products reached 72.38 million tons, a 3.3-percent decrease over the previous year; and that of timber reached 985,500 cubic meters, a 17.3-percent decrease over the previous year. The rate of using the circulation funds by the material supply departments in the province decreased from 13.35 percent in 1985 to 12.46 percent in 1986. However, the fund circulation period was extended to 4 days longer.

#### VI. Foreign Economic Relations and Tourism

New progress was made in foreign trade and economic and technical cooperation. The total sum of money used for buying export commodities in 1986 reached 4.79 billion yuan, up by 21.2 percent over the previous year. The total import and export volume reached \$738 million, up by 45.8 percent over the previous year. Of this volume, that of exports reached \$605 million, up by 46.5 percent over the previous year; and that of imports reached \$133 million, up by 43 percent over the previous year. At the Guangzhou autumn trade fair, the province's business volume reached \$110 million, topping the previous peak. In further expanding export markets in foreign countries, the province established the cooperative relationship of technology and the economy with more than 100 countries and regions in the world and conducted direct sales in 73 countries and regions. New progress was also made in utilizing outside funds. The total volume of outside capital introduced by the province in 1986 reached \$200 million, up by more than 50 percent over the previous year, and played an active role in developing the province's economy.

Further development was achieved in tourism. In 1986 the province received 52,427 tourists, observers, visitors, businessmen, and personnel participating in economic, scientific and technological, and cultural exchange activities, including foreigners, Overseas Chinese, and compatriots from Hong Kong and Macao. This figure showed a 43.7 percent increase over the 1985 figure. Of

this, that of foreigners reached 22,501 persons, up by 37.4 percent over the previous year; and that of Overseas Chinese and compatriots from Hong Kong, Macao, and Taiwan reached 29,926 persons, up by 47.4 percent over the previous year. The total income earned from tourism reached 20.48 million yuan.

## VII. Finance and Banking

In 1986 the province scored better achievements in financial affairs by upholding the principle of increasing incomes by extensively opening financial sources and strictly bringing various expenses under control. The province's total financial revenue reached 4.73 billion yuan, surpassing the annual budget by 184 million yuan and showing a 7.6-percent increase over the 1985 figure calculated in terms of comparable items. Its total financial expenses reached 6.13 billion yuan, up by 9.3 percent over the previous year. With the financial subsidies given by the central authorities, the province maintained a balance between the revenues and expenses and had a little surplus this year.

The money market was brisk. All kinds of banks actively circulated their funds, conducted business in short-term loans, engaged in bill honoring and in discount trade on a trial basis, vigorously developed the savings business, and opened various kinds of channels to raise funds, thus effecting considerable progress in both the savings deposit and loan businesses. The volume of savings deposits at the end of 1986 of banks throughout the province was 17.26 billion yuan, a 28.3-percent increase over that in early 1986. In 1986 cash revenues of banks amounted to 31.45 billion yuan, an 18.7-percent increase over the previous year, and the cash expenditures amounted to 33.95 billion yuan, an increase of 22 percent. After achieving a balance between cash revenues and expenditures, the net money supply of banks reached 2,496 billion yuan, an 88.4-percent increase over the previous year, or a record high.

## VIII. Science and Technology, Culture and Education, Public Health, and Sports

Science and technology played a noteworthy role in economic construction. In 1986 the province made 610 scientific and technological achievements, of which, 48 reached or approached the international level, 182 reached the national level, and 380 filled the gaps in the province. At the same time, 70 inventions and discoveries won state prizes, and 196 scientific and technological achievements were awarded by the province. A total of 90 scientific and technological achievements scored by the province were popularized and applied to production, which created 1.43 billion yuan in output value and 660 million yuan in profits. To protect the right of inventors, the province applied to the state for patents for 495 inventions, of which, 97 won patents. The ranks of scientists and technicians continued to expand. At the end of 1986, there were 549,000 professional technicians of various kinds in the province, with 288,300 working in the natural sciences, and 260,700 working in the social sciences.

Education developed steadily. In 1986 institutions of higher learning enrolled 2,055 postgraduates, a 6.7-percent increase over the previous year. There were 4,955 postgraduates in study, a 38.7-percent increase over 1985; and 369 postgraduates completed their degrees. There were 41 regular universities and colleges in the province, which enrolled 22,400 students and had a total



student body of 73,600, an 11.7-percent increase over 1985. In 1986, 14,800 students graduated from universities and colleges, a 25.4-percent increase over the previous year.

Secondary education underwent structural reform continually. In 1986 secondary vocational schools enrolled 21,100 students, a reduction of 14.6 percent from the previous year, and had a total student body of 58,700, a drop of 1.7 percent. Technical schools enrolled 30,300 students, a 23.2-percent increase over 1985, and had a student body of 60,400, a 20.1-percent increase. There were 2.045 million students in regular middle schools, a 1.3-percent increase over 1985. There were 155,100 students in professional and agricultural middle schools, a 9.8-percent increase over 1985. The proportion of students of technical and professional schools in the students of all secondary educational schools raised somewhat.

New advances were made in popularizing primary school education and preschool education. There were 4.545 million pupils in primary schools, and the attendance rate of school-age children increased from 97.7 percent in 1985 to 98.4 percent in 1986. In 1986 there were 3,098 kindergartens in the province, and the children attending kindergartens reached 507,700, 5,600 more than in the previous year.

Adult education developed rapidly, and a situation of running multilayered, multiformed, and multichanneled adult universities and colleges was formed. In 1986 there were 68,500 students at adult universities and colleges, and 929,800 students at adult secondary schools.

Cultural, press, publishing, broadcasting, film, and television departments made positive contributions to disseminating the party line, principles and policies and to promoting the building of the socialist spiritual civilization. In 1986 the province produced 1 feature film, 26 teleplays, and 59 radio plays. At the end of 1986, the province had 6,546 film projection teams, which projected 824,000 films; 112 performing art troupes, which staged 16,400 performances; 1,361 mass art centers, cultural clubs, and cultural centers; 90 public libraries; and 16 museums. In addition, there were also 13 broadcasting stations, and 43 radio transmitting and relay stations, which broadcast 12,048 hours of programs. The province also had 23 television stations and 488 television transmitting and relay stations, of which, 79 were each with a capacity of more than 1,000 watts. All these television transmitting and relay stations broadcast 3,389 hours of television programs. Some 18,621 copies of provincial newspapers, 5,069 copies of magazines, and 13,956 books and picture books were published last year.

Public health and medical conditions improved. At the end of 1986, the province as a whole had 8.927 hospitals, sanatoriums, and outpatient clinics, and all types of medical organs. There were a total of 155,000 professional health workers, an increase of 2.4 percent. The total included 56,500 doctors of Western and traditional Chinese medicine, and 32,600 nurses. The number of hospital beds in the urban and rural areas reached 97,400, an increase of 2.1 percent. The patriotic public health campaign, prevention of epidemic disease prevention and treatment work remarkably improved.

New progress was made in sports undertakings. A total of 99 gold medals, 87 silver medals, and 84 bronze medals were won at domestic and international competitions and 23 national records were broken. During the year, a total of 2,600 sports meetings at and above the county level were held with the participation of more than 1.252 million people. Some 2.275 million people met the requirements prescribed by the "State Standards for Physical Culture and Sports Training." Mass sports activities were conducted extensively and sports became social activities.

#### IX. The People's Living Standards

Living standards in both the cities and countryside improved. According to a sample survey among households in cities and towns, in 1986, the average per-capita income for living expenses of the urban residents reached 825.04 yuan, up 16.9 percent over the previous year. If the rise in the cost of living was factored in, the actual increase was 10.1 percent. The average per-capita living expenses of the urban people reached 784.97 yuan, up 17.7 percent over the previous year. The bumper agriculture harvest enabled peasants to unceasingly increase their income. The average per-capita net income of the rural people throughout the province was 442.53 yuan, up 21 percent. If the rise in commodity prices was excluded, the actual increase was 15.8 percent. Of this, 414.53 yuan came from productive business, up 21.3 percent; and 28 yuan came from non-productive business, up 16.7 percent. The average annual per-capita living expenses reached 33.45 yuan, up 10.4 percent over the previous year.

In 1986, the province as a whole provided jobs for 252,000 job seekers in cities and towns. At the end of the year, the total number of staffers and workers throughout the province reached 7.951 million, an increase of 280,000 persons. The total number of self-employed workers in cities and towns reached 315,000 persons, an increase of 21,000 persons. The total wages of staffers and workers during the year (Note 4: The total wages of staffers and workers include their price subsidies.) reached 9.79 billion yuan, an increase of 18.6 percent. The average per-capita wage of workers increased from 1,105 yuan in the previous year to 1,279 yuan, up 15.8 percent. If the rise in the cost of living was excluded, the actual increase was 9 percent. This figure was higher than the growth of labor productivity.

The amount of urban and rural savings deposits increased by a large margin. At the end of 1986, the total amount of savings deposits of the residents reached 9.382 billion yuan, up 2.37 billion yuan over the figure at the end of the previous year, showing an increase of 33.8 percent.

The living conditions for urban and rural people improved. In 1986, the state invested 1.16 billion yuan in building residential houses for staffers and workers. Houses with a total area of 4.8 million square meters were built and more than 100,000 families moved into new houses. More than 5.71 million square meters of new houses in the rural areas were built by the individuals.

Continued efforts were made in strengthening social welfare work for the elderly, disabled, widowed and orphaned. Nearly 42,000 people of the above



categories who had no one else to support them were housed. There were 757 collectively run homes for the aged in the rural areas, providing for a total of 18,000 people, and 24 social welfare institutes and child-care centers in the cities and towns, housing 4,474 children.

The number of criminal cases increased slightly and fire accidents dropped. In 1986, the province as a whole had 21,510 criminal cases, up 2.9 percent over the previous year. Of this, the number of major and appalling cases rose by 8.7 percent and 19.1 percent respectively. The public security departments succeeded in dealing serious blows to serious criminal activities and the rate of cracking criminal cases reached 81.2 percent. The province as a whole experienced 991 fire accidents, a drop of 8.9 percent. A total of 24.33 million yuan was lost during the fires, a decrease of 43.7 percent from the previous year.

#### X. Population

The natural population growth rate slightly increased. Based on a sample survey on the change in population, in 1986, the province's birth rate was 16.31 per thousand, an increase of 1.27 per thousand over the previous year. The death rate was 5.45 per thousand, an increase of 0.69 per thousand. The natural population growth rate increased from 10.28 per thousand in the previous year to 10.86 per thousand. Calculated according to the data from the sample survey at the end of 1986, the province's total population was 33.85 million people, an increase of 280,000 persons or an increase of 0.83 percent.

/9716

CSO: 4006/455

## PROVINCIAL AFFAIRS

### JIANGSU'S 1986 ECONOMIC, SOCIAL STATISTICS

OW181401 Nanjing XINHUA RIBAO in Chinese 9 Mar 87 p 2

[Text] The Jiangsu Provincial Statistical Bureau's communique on the Statistics for Jiangsu's 1986 National Economic and Social Development.

In 1986, under the correct leadership of the party committees and the people's governments at all levels, the 60 million people in Jiangsu strictly implemented the principle of carrying out reforms, opening to the outside world, and invigorating the domestic economy; actively maintained a stable and unified political situation; worked hard from top to bottom level; and brought about a sustained, stable, and coordinated development in the national economy. New achievements have been attained in all sectors of society.

The total product of society for 1986 in the province came to 172.5 billion yuan, an increase of 14.7 percent over the previous year. Of this, total industrial and agricultural output value was 145.9 billion yuan, a 14.8 percent increase over 1985. National income reached 63.1 billion yuan, up 9.5 percent over 1985. The gross national product was 72 billion yuan, up 9.9 percent. (Footnote 1) (The total product of society, national income, and gross national product are calculated in terms of 1986 prices. The total output value in agriculture and industry is calculated in terms of the fixed prices in 1980, while the rate of growth is calculated in terms of comparable items). At the same time, revenues continued to increase, and there was a basic balance between revenue and expenditure. The market was quite brisk, while commodity prices continued to increase. New developments were made in science, technology, culture, public health, and sports.

A number of factors of instability still existed in economic development. The major problems were excessive investment in fixed assets, hasty growth in consumer demand, decrease in economic efficiency, and disorder in commodity circulation and distribution.

#### I. Agriculture

The steady growth in agricultural production and further improvement in the agricultural structure vigorously promoted overall development of the whole rural economy.

Over the past year, the concept of taking agriculture as the foundation became even more clear. The measure to develop industry to make up for any lean years in agricultural production and to facilitate the growth of agriculture which, in turn, will benefit the growth of industry and other measures of serving agriculture, has been further strengthened. A steady growth was achieved in agricultural production. The total agricultural output value in 1986 reached 24.8 billion yuan, up 6.6 percent over 1985. (Footnote 2) (The output value of industry, at and above village level, is included in the total output value of industry). Overall developments were made in forestry, animal husbandry, fishery, and other sideline production. Crop cultivation brought in 16.3 billion yuan, an increase of 4.3 percent over 1985. A bumper harvest of grain crops was reported, while total grain output reached the highest level in history. Calculated in terms of the total population in the province, per-capita output has continually exceeded the 1,000 jin mark for 3 years. People in the province have become more than self-sufficient in grain. The output of cotton dropped as a result of reduction in land devoted to it. Increases of varying degrees in output of oil-bearing and other industrial crops were reported. The rate of growth of vegetables and fruit was fairly high.

The output of staple agricultural products was as follows:

|                    | 1986<br>(tons) | Changes from<br>1985 percentage |
|--------------------|----------------|---------------------------------|
| Grain              | 33,395,000     | 6.8                             |
| Cotton             | 401,100        | -16.3                           |
| Oil-bearing crops  | 1,167,700      | 7.3                             |
| of which, rapeseed | 789,100        | 7.9                             |
| Sugarcane          | 323,500        | 22.8                            |
| jute, ambarry hemp | 45,800         | -49.8                           |
| Cured tobacco      | 4,900          | -35.5                           |
| Silkworm cocoons   | 80,000         | 9.4                             |
| Tea                | 10,500         | 14.1                            |
| Fruit              | 365,700        | 7.2                             |

Output of forestry products reached 300 million yuan. Afforested areas totalled 410,900 mu, marking an increase of 27.2 percent compared with 1985. More trees flourished in 1986 than 1985. The output of major forestry products was on the increase.

The output value of animal husbandry reached 4,758 million yuan, up 0.7 percent over the previous year. The fishery output value totalled 1,069 million yuan, 35.7 percent over 1985.

The output of major animal by-products and head of livestock was as follows:

|                           | 1986            | increase over<br>1985 (percentages) |
|---------------------------|-----------------|-------------------------------------|
| pigs slaughtered          | 21,612,200 head | 7.4                                 |
| pork                      | 1,358,300 tons  | 0.2                                 |
| beef and mutton           | 41,400 tons     | 26.2                                |
| aquatic products          | 804,800 tons    | 19.2                                |
| large animals at year end | 875,300 tons    | 2.6                                 |

The output value of sideline products reached 2,357 million yuan, 29.6 percent over 1985.

Improvement was made in the conditions of agricultural production. The amount of farm machinery, electric power, and chemical fertilizer used in rural areas during 1986 increased as compared with 1985. By the end of 1986, the aggregate power of the province's farm machinery reached 18,113 million watts, a 8.1 percent increase over that at the end of 1985. There were 18,700 large and medium-sized tractors, a 1.1 percent decrease; 538,400 small and hand-drawn tractors, a 9.5 percent increase; and the power of irrigation and drainage equipment was 4,685 million watts, a 4 percent increase. Total consumption of electricity in rural areas was 7.12 billion kwh, an increase of 12 percent over the previous year. The amount of chemical fertilizer (in terms of pure fertilizer) used totalled 1,698,000 tons, a 7.6 percent increase.

The diversified economy continued to grow in rural areas. The development of the secondary and tertiary industries was faster than agriculture. During 1986, 936,100 people quit farming and took nonfarming jobs. At the end of 1986, the proportion of the number of people taking nonfarming jobs to total rural manpower rose from 34.4 percent at the end of 1985 to 37.6 percent at the end of 1986. The output value of rural industry, construction, transport, and commerce in 1986 increased by 21.1 to 29.8 percent over 1985, a growth rate much faster than that for the total output value of agriculture. Therefore, the total rural product of society in 1986 reached 95,857 million yuan, an increase of 20.8 percent over 1985 in terms of comparable prices.

## II. Industry

In 1986, industrial production extricated itself from "overheating" in growth, and witnessed steady growth and coordinated development. Total industrial output value in 1986 was 121,075 million yuan, 16.7 percent above 1985 (Footnote 3) (The output value of industry at and above village level is included in the total output value of industry). Northern Jiangsu quickened its pace of industrial development. The cities of Yancheng, Huaiyin, Yangzhou, and Lianyungang witnessed a rate of growth of more than 20 percent in industrial production, which was faster than the average rate of growth in the province. The output value of collectively-owned industry in 1986 increased by 18.9 percent, maintaining its vigorous growth. Of the total output value of industry at and above the township level, the output value of light industry increased by 15.8 percent, and that of heavy industry by 11.3 percent. The light and heavy industries had developed in proportion. The rate of growth of products for

export was fairly rapid. The total amount of commodities procured for foreign trade in 1986 increased by 39.2 percent compared with that in 1985, greatly increasing the capabilities in earning foreign exchange. Of 100 major products, 78 fulfilled or overfulfilled their production targets.

In order to meet the demands on the market, new achievements in light industry were made in readjusting product mix and vigorously increasing the production of readily marketable and popular products as well as durable consumer goods.

The output of major light industrial products was as follows:

|                                       | 1986                     | changes from<br>1985 (percentages) |
|---------------------------------------|--------------------------|------------------------------------|
| Cotton yarn                           | 540,000 tons             | 17.8                               |
| Cloth                                 | 2.4 billion<br>meters    | 13.4                               |
| Woolen goods                          | 55.72 million<br>meters  | 21.8                               |
| Silk pieces                           | 360.84 million<br>meters | 10.9                               |
| Woolen yarn                           | 26,381 tons              | 40.5                               |
| Machine-made paper<br>and paper board | 600,000 tons             | 20.3                               |
| Sugar                                 | 2,662 tons               | -22                                |
| Cigarettes                            | 980,000 packs            | 11.7                               |
| Detergents                            | 100,000 tons             | 25.8                               |
| Washing machines                      | 500,000                  | -34                                |
| Household refrigerators               | 250,000                  | 67.1                               |
| Electric fans                         | 5,570,000                | 20                                 |
| Bicycles                              | 4,190,000                | 11.7                               |
| Sewing machines                       | 830,000                  | -15.5                              |
| Wristwatches                          | 4,670,000                | 4.4                                |
| Television sets                       | 2,850,000                | 3.1                                |
| of which: color sets                  | 300,000                  | 16.7                               |
| Cassette recorders                    | 3,630,000                | 69.6                               |
| Cameras                               | 360,000                  | 7                                  |

The production structure of heavy industry was adjusted. Energy industry and raw and semifinished materials industry showed a comparatively big growth. The output of major heavy industrial products follows:

|                     | 1985<br>output         | Increase over<br>1985 (percentages) |
|---------------------|------------------------|-------------------------------------|
| Coal                | 21,740,000 metric tons | - 0.9                               |
| Electric power      | 26.4 billion kwh       | 12.5                                |
| Crude oil processed | 5,440,000 metric tons  | 9.0                                 |
| Steel               | 1,140,000 metric tons  | 15.5                                |
| Pig Iron            | 1,150,000 metric tons  | 16.6                                |

|  |                        |       |
|--|------------------------|-------|
| Rolled Steel                                     | 1,680,000 metric tons  | 15.4  |
| Cement   | 13,290,000 metric tons | 19.0  |
| Plate glass                                      | 3,050,000 boxes        | 1.1   |
| Sulfuric acid                                    | 740,000 metric tons    | -24.0 |
| Soda ash   | 30,000 metric tons     | 16.4  |
| Caustic soda                                     | 250,000 metric tons    | 4.9   |
| Power-generating equipment<br>(500 kw and above) | 180,000 kw             | 37.6  |
| Machine tools                                    | 17,536 sets            | -5.4  |
| Motor vehicles                                   | 23,559 units           | -3.7  |
| Big and medium-sized<br>tractors                 | 173 units              | -58.1 |
| Small tractors                                   | 99,454 units           | 3.5   |
| Chemical fertilizers                             | 1,220,000 metric tons  | 0.6   |
| Chemical pesticides                              | 40,000 metric tons     | -7.4  |

Relatively big progress was made in reforming the industrial system, resulting in fairly good social benefits [she hui xiao yi 4357 2585 2400 4135]. Among the state-owned industrial enterprises run by local authorities and included in the provincial budget, 1,693 replaced the practice of turning profits over to the state with tax payment under the second-stage tax-for-profit program. A number of small enterprises were operated by lease or contract. Others are in the process of introducing the public-bidding and leasing system for test purposes. By the end of October, one-third of the state-owned industrial enterprises had instituted the system of plant directors assuming full responsibility. Vigorous efforts were made to establish lateral economic ties, and the number of various forms of associations kept growing. According to surveys conducted in the province, there were 238 integrated and semi-integrated industrial economic establishments, composed of 628 member enterprises. This increased the productive capacity for good brand-name products as well as new products, facilitated contacts between marketing, supply, and production units, and helped create favorable conditions for acquisition of capital, technology, and competent personnel. Incomplete statistics showed that 5,630 new products were developed in the province, 26 products won state gold and silver medals, and 544 received provincial good-product awards. According to statistics covering 11 industrial departments, 10.98 percent of the products were considered good-quality products. This exceeded those in the preceding year by 1.26 percent. Per capita labor productivity of state-owned industrial enterprises reached 19,623 yuan, or 4.1 percent more than in the preceding year. On the other hand, poor management on the part of some enterprises, plus high prices of raw and semifinished materials and other external factors, caused certain economic-benefit indexes to come down. However, there is a great potential for increasing production, practicing economy, boosting revenues, and cutting expenditures.

### III. Fixed Asset Investment and Building Industry

The pace of making fixed asset investments slowed down. The year 1986 saw 12.04 billion yuan invested in fixed assets by state-owned units and urban collectively-owned units in the province. The growth rate of fixed asset investments declined from the preceding year's 60.6 percent to 27.6 percent.



Of these investments, state-owned units accounted for 9.71 billion yuan, a 29.9 percent increase over the preceding year, and urban collectively-owned units for 2.33 billion yuan, an increase of 18.8 percent.

Of the fixed asset investments made by state-owned units, capital construction investments totaled 5.99 billion yuan, or 26.6 percent more than in the preceding year, and investment in equipment upgrading and renovation and in other fixed assets amounted to 3.72 billion yuan, up by 35.8 percent. The portion allocated for equipment upgrading and renovation was 3.44 billion yuan, a 39.1 percent increase over the preceding year's level.

Improvement was also made in the investment structure. Of the investments made in capital construction by state-owned enterprises, 900.3 million yuan went into energy projects, an increase of 47.6 percent over the previous year; 900 million yuan into transport, posts and telecommunication, a 30-percent increase; 1.93 billion yuan into the raw materials industry, a 39.9-percent increase; 305 million yuan into education, public health, and scientific research, an increase of 9 percent over the previous year. The proportion of construction investment in energy, communications, and the raw materials industry rose to 51 percent from 48 percent in 1985. If classified as productive or nonproductive construction, investment in productive construction was 3.84 billion yuan with its proportion increasing to 64.1 percent from 59.1 percent in 1985, while investment in nonproductive construction was 2.15 billion yuan with its proportion dropping to 35.9 percent from 40.9 percent in 1985. Of this, investment in housing was 903 million yuan, with its proportion dropping to 15.5 percent from 18.9 percent. If classified according to type of funds, budgetary investment rose 17.2 percent over the previous year, while extrabudgetary investment went up 30 percent. Of the investments made for replacing equipment and for technical innovation, 1.93 billion yuan was used to purchase various types of equipment, an increase of 38.3 percent over the previous year; 1.4 billion yuan to increase production capacities, an increase of 47.2 percent; and 202 million yuan to upgrade product quality, a 6.6-percent increase.

Good results were achieved in investment. State-owned enterprises increased their fixed assets by 6.93 billion yuan as a result of capital construction and technological transformation. This figure accounted for 73.4 percent of the total investment in 1986. Of the total amount of added fixed assets, 3.96 billion yuan came from capital construction, with their utilization rate reaching 66.1 percent, an increase of 9.7 percent over the previous year; 2.96 billion yuan worth of fixed assets came from technological transformation, with their utilization rate reaching 86.2 percent, a 4.5 percent increase over the previous year. A total of 4,685 projects were built and put into operation by state-owned enterprises, with the percentage of projects finished and going into production reaching 57 percent. Of these 1,781 were capital construction projects and 2,904 were technological transformation projects. The percentage of projects completed and put into operation was 51 and 61 respectively, an increase of 4 percent and 3.3 percent respectively over the previous year. The total number of buildings completed in 1986 was 11.58 million square meters in terms of floor space, including 5.29 million square meters of living quarters. The percentage

of such projects completed and put into use was 53 and 59 percent, an increase of 3 and 5 percent respectively over the previous year.

Construction of key projects was stepped up. State-owned units made an investment of 2.94 billion yuan in 40 large and medium-sized capital construction projects, 97 percent of the year's plan. Seven of these 40 projects were completed or partially completed and put into production. They are the Zhangshuanglou mine shaft of the Datun coal mine, the Guanghua cement plant in Suzhou, the Xuzhou power plant, the Lianbi power plant, a transformer project with a 500,000-volt superpower line from Xuzhou to Shanghai, and the Miaoling coal wharf in Lianyungang. Capital construction and technical transformation in the entire province last year helped add the following industrial capacities: 1.28 million tons of coal a year, 680,000 tons of cement, 579,700 kw of power generating capacity, 476.9 km of power lines, transformer facilities with a capacity of 380,000 kva, 20,000 tons of sulfuric acid, 30,000 tons of chemical fertilizer, 12.42 million tons of port cargo handling capacity. The increase in coal production and power generating capacities in 1986 was an all-time high since the start of the Sixth 5-Year Plan.

The main problems were as follows: investment in fixed assets continued to be excessive, and the state plan for key projects and other large and medium-sized projects was inadequately fulfilled.

Steady progress was made in reforming the building industry and the capital construction management system. Investment responsibility systems of one kind or another were put into effect for 17.5 percent of the large and medium-sized projects under construction in the province. State-owned building industry enterprises had 2,530 projects built under contracted economic responsibility systems. These projects involved 3.01 million square meters of construction work, accounting for 54.3 percent of the total area of construction undertaken by these enterprises. In 1986, total output value of state-owned building industry enterprises amounted to 1.43 billion yuan, a 33.6-percent increase over the preceding year. Their per-capita labor productivity reached 9,109 yuan, surpassing that of the preceding year by 14.6 percent. The proportion of quality work, calculated on the basis of the area of finished projects, was 76.2 percent. The number of incidents of poor-quality work in the building industry dropped by 13 percent from the preceding year.

#### IV. Communications and Transportation

Communications and transportation departments increased their transport capacity and improved their services as a result of their efforts to carry out reform, tap potential, and improve themselves. The total volume of cargo transport for the year was 44.8 billion metric ton-kilometers, or 8.8 percent more than in the preceding year. Of this, railway transport accounted for 26.08 billion metric ton-kilometers, an increase of 8.5 percent; highway transport for 2.13 billion metric ton-kilometers, an increase of 6.6 percent; and water transport for 16.61 billion metric ton-kilometers, an increase of 9.5 percent. The volume of freight handled by local ports amounted to 100.31 million metric tons, up 5.3 percent from the preceding year. The volume of passenger transport for the year was 27.9 billion passenger-kilometers, up 7.3 percent from the

preceding year. Of this, railway transport accounted for 11.76 billion passenger-kilometers, an increase of 9.4 percent; highway transport for 15.4 billion passenger-kilometers, an increase of 6.9 percent; and water transport for 810 million passenger-kilometers, a decline of 10.9 percent.

Private transport undertakings developed in cities and the countryside undertook a considerable portion of short-distance transportation work and some of the long-distance transportation work. Their development served the convenience of cargo consignors and passengers and played a positive role in easing the strained situation due to shortage of transportation facilities.

Postal and telecommunications work continued to develop. Total postal and telecommunications charges received for the year amounted to 228 million yuan, a 15.7-percent increase over the preceding year. Receipts from postage for letters rose 9.4 percent, from postage for newspapers and journals rose 3.7 percent, from telegraph charges rose 2.2 percent, and from charges for long-distance telephone calls rose 12.7 percent. The number of telephone subscribers in urban areas totaled 140,000, exceeding the preceding year's number by 18,000.

With the rapid development of production and construction and the continuous improvement of the people's living standards, however, the existing transportation facilities and postal and telecommunications services failed to meet requirements. The shortage of such facilities and services is obvious.

#### V. Domestic Trade and Supply and Marketing of Materials

Markets in both urban and rural areas were brisk, and a fine situation was noted with regard to the supply of commodities. Total purchase of commodities by state-owned commercial units and supply and marketing cooperatives in 1986 reached 35,127 million yuan, surpassing the preceding year by 18.2 percent. The amount of industrial products purchased rose by 19.3 percent, and farm produce purchased increased by 15.8 percent. Supplies of badly needed industrial products and main agricultural products, both as grain, cooking oil, meat, vegetables, and fruit, showed a fairly big increase.

Retail sales of commodities for the year totaled 35,576 million yuan, a 15.6-percent increase over the preceding year. The rate of increase in retail sales was 15.8 percent in the case of consumer goods sold to individuals, 17.3 percent in the case of consumer goods sold to public institutions in society, and 13.4 percent in the case of means of agricultural production. The volume of retail sales made by peasants to residents not engaged in farm work rose by 26.4 percent. This category of retail sales accounted for 5.6 percent of the total retail sales of commodities, compared with 5.1 percent in the preceding year.

Considerable progress was made in reforming the structure of commerce. This further promoted the flow of commodities. In the past year some more state-run small enterprises, such as retail shops, restaurants, and other service and repair shops, opened business. In addition, 289 economic associations went into operation. Their total business volume reached 405 million yuan for the

entire year. Business volume of urban and rural markets in 1986 amounted to 5.14 billion yuan, a 29.4-percent increase over the preceding year. These markets thus became an important supplement of state commerce.

Market prices continued to rise, but the rising trend stabilized. The general retail price level increased by an average of 6.5 percent in 1986, 6.5 percent in urban areas and 6.4 percent in rural areas. Prices of cultural and recreational goods remained basically the same as in the previous year. Prices of garments and daily necessities rose slightly owing to the decontrol and adjustment of some commodity prices in the second half of 1986. Prices of grain rose by an average of 12.8 percent owing to the difference between negotiated and market prices. Prices of vegetables went up 13.2 percent; meat, poultry, and eggs, 12.4 percent; and aquatic products, 8.6 percent.

As the flow of commodities improved, economic cooperation between our province and other provinces further expanded, thus creating favorable conditions for production and construction. The amount of coal, steel products, cement, and timber Jiangsu imported from other provinces in 1986 rose 11.9-41.7 percent over the preceding year. Total sales of Jiangsu's material supply departments amounted to 12.7 billion yuan in 1986, an increase of 9.9 percent over 1985. Consumption of important materials, specifically coal, steel products, and cement, by state-run enterprises and collective enterprises rose by 6.8 percent, 2.5 percent, and 6.7 percent respectively over the preceding year. There was a slight drop in timber consumption. Progress was made in conserving energy in the past year. There were 374 major industrial enterprises in Jiangsu last year which consumed more than 10,000 tons of standard coal a year. In 1986 their consumption per 10,000 yuan of output value dropped by 2.7 percent compared with 1985. Energy conserved in 1986 was equal to 400,000 tons of standard coal.

## VI. Foreign Trade and Tourism

Foreign trade further expanded, and foreign exchange earnings through exports continued to increase. Jiangsu's exports and imports in 1986 totaled \$2.82 billion, a 12.3-percent increase over the previous year, with exports amounting to \$1.72 billion, an increase of 10.4 percent, and imports reaching \$362 million, a rise of 22.7 percent. In 1986 Jiangsu made use of \$183 million in foreign investment, doubling the amount of 1985. By the end of 1986 there were 98 Chinese-foreign joint ventures and 26 cooperative management enterprises in Jiangsu, 48 of which had been put into production.

In 1986 Jiangsu earned \$32.51 million from overseas projects and overseas labor services. It signed 35 new contracts for overseas projects and overseas labor services, altogether worth over \$30 million.

In 1986 "Jiangsu attracted 524,000 tourists and other visitors who came to visit relatives or to take part in economic and cultural exchange activities. Of these 404,000 were foreigners, and 120,000 were overseas Chinese or expatriots from Hong Kong and Macao. Foreign exchange earned through tourism was \$54.167 million, up 18.2 percent over 1985.



## VII. Science, Education, and Culture

The number of scientific and technical personnel increased, and marked achievements were made in scientific research. By the end of 1986 there were 350,300 natural science scientists and technicians in the province's state-owned units, 31,800 more than in 1985; 295,300 social science scientists and technicians, 32,700 more than in 1985. Of the 1,136 scientific achievements recommended to the provincial government for commendation, 385 received provincial awards, while 26 of the 138 scientific achievements recommended to the central government for commendation received state awards. The development of scientific research and scientific and technological reforms led to the rise of economic and social benefits. Meteorology was further modernized; progress was made in the application of new technology and scientific achievements; there was enhanced enthusiasm for serving agricultural production and economic development. As a result, weather forecasts were fairly timely and accurate, thus further increasing social benefits.

Higher education developed steadily. The structure of secondary education was adjusted. Primary education was popularized and improved. A network was basically formed for conducting adult education.

At present there are 71 full-time institutions of higher learning in the province. They will graduate 27,600 students for the current school year. They enrolled 41,300 new students, bringing the total number of students to 132,700. All these figures are higher than the preceding year, with the exception of the number of new students enrolled. As for schools for adult higher education (including night colleges and correspondence schools affiliated to institutions of higher learning), 32,900 students graduated, 27,900 students enrolled, and 87,800 students studied in schools during the year.

Presently, there are 3,759,900 students studying in various types of secondary schools, outstripping the preceding year's record by 82,600. The breakdown is as follows: 107,900 in secondary specialized schools, 148,000 in agricultural and vocational middle schools, 464,700 in regular senior middle schools, 2,377,600 in junior middle schools, and 661,700 in adult secondary schools.

Currently there are 6,706,500 primary school students in the province, 72,700 less than in the preceding year. The number of students in adult primary schools is 723,500, exceeding the preceding year's figure by 296,100.

Cultural, journalistic, publishing, radio broadcasting, cinematographic, and television undertakings all showed a certain extent of development. At the year's end, there were 5,147 film projection units of various kinds, 143 art groups, 108 cultural halls, 2,310 cultural centers, 91 public libraries, 35 museums, 11 publishing houses, 14 radio stations, 14 radio transmitting and relaying stations, 17 television stations, and 36 television transmitting and relaying stations each with a capacity of 1,000 kw or more. During the year, 238 million copies of books and 46.46 million copies of magazines were published, and 892 million copies of newspapers were distributed.

## VIII. Public Health, Sports, and Environmental Protection

After undergoing adjustment and reform, public health work continued to develop, and improvement was noted in its technological level, quality of work, and capacity of service. At the end of 1986, there were 11,743 public health organizations, an increase of 228 compared with the end of the preceding year; 130,700 hospital beds, an increase of 4,161; 78,800 doctors, an increase of 2,291; 37,800 nurses, an increase of 1,692; and 72,400 public health technicians, an increase of 2,261.

Sports activities also showed considerable development. Nineteen eighty-six witnessed 1,043 athletic meetings at and above the county level, with 353,300 people participating. Four athletes won world championships in major international contests. In the 10th Asian Games, our province won 12 gold medals, 9 silver medals, and 1 bronze medal. In national high-level contests, our province won 16 gold, 14 silver, and 20 bronze medals. A total of 6,092 million students of schools of various types and various levels in the province met national athletic training standards. This surpassed the preceding year's number by 843,000 and represented 89.3 percent of the total number of students taking the tests.

New progress was made in environmental protection work, which already had a good foundation. During the past year, 378 new pollution control installations came into being. The work of treating waste water discharged by industries was carried out with better efficiency. Precipitation of atmospheric dust showed a decline. Good water quality was maintained in the main parts of the Chang Jiang and Tai Hu systems. About 80 percent of the townships had environmental protection personnel. Village and town enterprises also intensified their work of environmental protection.

## IX. People's Life

As production kept developing, the life of people in urban and rural areas continued to improve. A sampling of 3,400 rural families in 34 counties shows that in 1986 the average per capita income of people living in rural areas was 561.28 yuan, an increase of 68.68 yuan over 1985; after adjustment for price increases, the increase was 6.7 percent. A sampling of 1,535 urban families in 15 cities and counties shows that in 1986 the average per capita living income [ren jun sheng huo fei shou ru 0086 0971 3932 3171 6316 2392 0394] was 911 yuan, an increase of 145.2 yuan over 1985; after adjustment for price increases, the increase was 11.8 percent.

In 1986, Jiangsu provided new jobs to 162,300 people. By the end of the year, the province had a total of 8.16 million staff members and workers, an increase of 335,600 persons, or 4.3 percent, over 1985. Owing to reform of the employment system, there were a total of 667,400 contract workers by the end of 1986, an increase of 214,900 over 1985. The total payroll in 1986 was 9,683 million yuan, topping 1985 by 23 percent. The annual average wage was 1,218 yuan, an increase of 181 yuan, or 17.5 percent, over the preceding year. The actual increase was 10 percent after adjustment for price subsidies for pork and other commodities and for the rise in living cost.



Savings by people in urban and rural areas increased by a great margin. By the end of 1986, total bank savings reached 13,959 million yuan, topping 1985 by 4,024 million yuan, or 40.5 percent. In average, per capita savings of people throughout Jiangsu reached 224 yuan, a record high. Of the total amount of savings, 8,187 million yuan was saved by people living in the urban areas, and 5,772 million yuan by people living in rural areas, representing an increase of 41.6 percent and 39 percent respectively.

People's living conditions continued to improve. In 1986, state-owned units built living quarters with a total floor space of 5.29 million square meters, and some 100,000 families moved into new homes. In the rural areas, housing construction continued. A sampling of urban and rural families shows that, by the end of 1986, each family had 4.15 rooms, and that per capita living space was 17.46 square meters in rural areas, and 7.5 square meters in urban areas.

Social welfare services continued to develop. Services continued to expand in old folk's homes in rural areas, as well as in urban facilities providing social and child care services and services for the handicapped and the mentally ill; as a result, orphans, the aged, and the handicapped have been properly taken care of.

#### X. Population

By the end of 1986, Jiangsu's population numbered 62,699,000, an increase of 564,000 over that at the end of 1985. The natural population growth rate was 7.4 per 1,000.

/9716

CSO: 4006/455

## PROVINCIAL AFFAIRS

### QINGHAI LEADER DISCUSSES CURRENT ECONOMIC PROBLEMS

HK190343 Xining Qinghai Provincial Service in Mandarin 2300 GMT 18 Mar 87

[Excerpt] The provincial party committee held its first-quarter forum of non-party figures on 18 March to relay the spirit of the national conference of provincial governors and the province's main economic tasks and measures for this year. Han Yingxuan, member of the standing committee of the provincial party committee, vice chairman of the provincial CPPCC, and director of the provincial United Front Department, presided.

Vice governor Wu Chengzhi spoke on the national conference of provincial governors and the main tasks and measures in Qinghai's economic work this year. He said: Qinghai's economic foundation is weak, and its capacity for developing and adapting needs to be improved. Economic construction is facing the following four main problems amid the current situation of conspicuous financial problems: 1) It is imperative to boost the reserve strength for agricultural development. The excessively rapid growth in grain consumption must be strictly controlled. 2) The product mix is not good enough, and enterprise economic results need improving. 3) The scale of investment in capital construction and the growth in consumption funds are more than our financial strength can bear. 4) Financial expenditure is rising too fast. There is too heavy a burden on the province's finances.

Wu Chengzhi said: Qinghai must focus on two tasks in its economic work this year: 1) Launch an extensive drive to increase production and practice economy and increase revenue and economize expenditure. 2) Deepen the reforms, boost the reserve strength of agriculture and animal husbandry, and invigorate the enterprises. At the same time we must continue to harmonize a number of major economic relations.

To fulfill these tasks, the provincial party committee and government issued an eight-point resolution on 7 March. The main points are: Vigorously launch the drive to increase production and practice economy and increase revenue and economize expenditure, strive to increase production and improve economic results, and put a stop to waste and practice strict economy; tap fresh sources for increasing revenue; strictly control investment in fixed assets and cut non-productive expenditure; deepen the reforms; launch a mass drive for technological innovation and rational suggestions; and establish the social mood of waging arduous struggle, building the country with hard work and thrift, and doing everything with hard work and thrift.

/9716

CSO: 4006/455

## PROVINCIAL AFFAIRS

### SHAANXI: CONFERENCE URGES FACTORY DIRECTOR RESPONSIBILITY

HK220856 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 21 Mar 87

[Text] The provincial party committee and provincial government held a telephone conference yesterday evening and demanded that all industrial enterprises throughout the province implement completely the system of the factory director assuming full responsibility this year. Vice Governor Zeng Shenda presided over the conference. (Yang Feng), vice chairman of the provincial Economic Commission; (Wang Jianfeng), deputy director of the Organization Department of the provincial party committee; and Xie Zhangren, chairman of the provincial Federation of Trade Unions, spoke at the telephone conference.

Zhou Yaguang, deputy secretary of the provincial party committee, spoke. Zhou Yaguang said: The implementation of the enterprise leadership system with the factory director assuming full responsibility as the core is the implementation of an enterprise leadership system which is relatively suited to the national condition of our country and which we have arrived at on the basis of correctly summing up historic experiences and weighing advantages and disadvantages and gains and losses. Since our province implemented the system of the factory director assuming full responsibility in 1984, some 800 state-run enterprises have now implemented this system. After carrying out the 2 years and more pilot project, we have scored marked achievements. We now have the conditions for implementing completely the system of the factory director assuming full responsibility and have defined the principle and policy. However, judging from the latest situation, the majority of prefectural and city departments and bureaus are still adopting a wait-and-see attitude and have not implemented it vigorously enough. The provincial party committee and provincial government have demanded that we firmly grasp implementation and speed up reform.

Zhou Yaguang said: Governments at all levels and all departments must first study the documents well, unify their understanding, popularize the system of the factory director assuming full responsibility in the large and medium-sized enterprises in the first half of this year, and implement it completely by the end of this year. We must avoid rushing headlong into mass action and pursuing formalism. The party committees of enterprises must take the lead in implementing the spirit of the relevant directives of the central authorities on reforming the enterprise leadership system. Enterprises must formulate methods of implementation and set up factory management committees. Factory directors, party committees, and trade unions must clearly divide the work, be

responsible for their work, unite as one, and gradually make their work systematic, democratized, and scientific. Organization departments at all levels and departments in charge must do well in choosing and providing factory directors, party committee secretaries, and trade union chairmen and vigorously popularize the system of the factory director's responsibility for fulfilling the quotas during his tenure. It is necessary to allow enterprises to genuinely exercise the powers which belong to them. We must create good external conditions for implementing completely the system of the factory director assuming full responsibility.

Finally, Zhou Yaguang said: The provincial leadership group for strengthening enterprise management is to be responsible for the implementation of the system of the factory director assuming full responsibility throughout our province, and all prefectural and city departments and bureaus must define their duties and set up coordination organs. Leaders at all levels must conduct penetrating investigation and study, sum up experiences, and, though working in a down-to-earth manner, constantly push forward reform of the enterprise leadership system of our province.

/9716

CSO: 4006/455

## PROVINCIAL AFFAIRS

### XIZANG LEADER STRESSES ROLE OF ENTERPRISES

HK220347 Lhasa Xizang Regional Service in Mandarin 1130 GMT 21 Mar 87

[Excerpts] On the morning of 20 March, regional government chairman Doje Cering visited the participants in the regional communications work conference and listened to their exchanges of experiences and ideas on contracting.

Doje Cering said that in running enterprises in Xizang it is essential to pursue practical economic results. As far as policies are concerned, diversification should be practiced and lateral ties strengthened, based on the enterprises. He demanded that the enterprises in Xizang contribute to the region's economic construction, to its efforts in strengthening self-invigoration and financial capabilities, and to creating wealth for society. He expressed the hope that everyone will work in concert to deepen the enterprise reforms.

At the conclusion of his speech, chairman Doje Cering told the participants that in its work this year the regional government will grasp agricultural and animal husbandry production and economic construction in the agricultural and pastoral areas with one hand and enterprise reform with the other. He said: The government will help the enterprises to shed their burdens and will actively support enterprise reforms. The problem of resettlement and other expenses for old workers retiring from the enterprises will be solved by the common efforts of the region's finances and the enterprises. The problem of education expenses will be solved out of the region's education spending.

The participants frequently applauded Comrade Doje Cering's speech.

/9716

CSO: 4006/455

## PROVINCIAL AFFAIRS

### YUNNAN GOVERNOR ON FINANCIAL, TAXATION WORK

HK220724 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 19 Mar 87

[Text] During a recently held provincial conference on financial and taxation work, provincial Governor He Zhiqiang delivered a speech on ways to strengthen and improve the management of financial and taxation work in our province.

Governor He said: Finance and taxation have an important bearing on production, construction, the people's livelihood, and the overall situation of our national economy. In the work of compressing the overheated atmosphere and of launching the drive to increase production and practice economy and increase revenue and reduce expenditure, we must strengthen and improve the management of financial and taxation work, truly accomplish the task of methodically and effectively creating, managing, and using financial resources, and be sure to achieve the goals of increasing revenue and reducing expenditure.

Governor He added: As functional departments engaged in financial affairs under governments at all levels, financial and tax departments must firmly foster the idea of serving production, show a high-level sense of responsibility to the party and the people, strengthen the supervision of economic activities, dare to grasp, dare to administer, strictly make checks, resolutely forbid unauthorized actions or expenses, reduce financial expenditure, resolutely collect the money that should be collected, not spend a single cent that should not be spent, and carry out careful calculation and strict budgeting and practice thrift while spending the money that should be spent.

After curtailing financial expenditure all expenditure must strictly conform to the fixed spending standards, and unauthorized shifting of funds or apportionments are forbidden. We must strictly control institutional purchases, and forbid the practice of arbitrarily granting and issuing bonuses, material goods, and subsidies under all sorts of pretexts.

/9716

CSO: 4006/455



## PROVINCIAL AFFAIRS

### BRIEFS

**FACTORY SAFETY STRESSED**--Harbin, 21 Mar (XINHUA)--Heilongjiang Governor Hou Jie granted XINHUA an interview in connection with the major explosion at the Harbin Linen Textile Mill. He urged leaders at various levels to give top priority to safety in production. Hou Jie said: We have proclaimed the slogan "safety first" for many years, but have failed to implement it earnestly in actual work. The accident that occurred at the Linen Textile Mill, a rapidly growing factory that has earned a considerable amount of foreign exchange, demonstrates that quite a few enterprises and units have stressed their output value above everything else. In order to ensure safety of the people's lives and property, leaders at various levels must uphold the guidelines on safety. Safety in production should be the most important measure in the campaign to increase production and practice economy and to increase revenues and retrench expenditures. Hou Jie said: It is necessary to strengthen the scientific system of safety in operation, improve the quality of safety personnel and facilities, and implement a safety responsibility system so that safety work can keep abreast of the progress in modernized production. It is also necessary to regularly carry out meticulous and strict general inspection of the safety work in order to eliminate hidden dangers and prevent accidents. [By reporter Zhang Chijian] [Text] [Beijing XINHUA Domestic Service in Chinese 1614 GMT 21 Mar 87 OW]

/9716

CSO: 4006/455

## FOREIGN TRADE, INVESTMENT

### PENDING REGULATIONS TO ENCOURAGE FOREIGN INVESTMENT REPORTED

Beijing GUOJI SHANGBAO in Chinese 17 Nov 86 p 1

[Article by Yan Xichen [3508 1119 2525]: "More Regulations To Improve the Investment Climate"]

[Text] People at home and abroad have shown great interest in the promise by State Councillor Gu Mu [6253 3668] in Qingdao that regulations aimed at encouraging foreign investments will be implemented in full not later than the first quarter of 1987. It has been learned from the Special Economic Zones Office of the State Council that the formulation of relevant detailed regulations is being speeded up and that some will be published soon.

It has been learned that even as the State Council was drawing up the "22 Provisions," the Foreign Investment Work Leading Group put forward a dozen topics for serious study by the agencies concerned which would then work out detailed implementation rules as soon as possible. As the operating arm of the Foreign Investment Work Leading Group, the SEZ Office was put in charge of organizing and coordinating the detailed work. Subsequently the agencies involved--the State Planning Commission, State Economic Commission, Ministry of Foreign Economic Relations and Trade, the Ministry of Finance, Ministry of Labor and Personnel, Ministry of Urban and Rural Construction and Environmental Protection, General Administration of Customs, State Industry and Commerce Administration, General Administration of Exchange Control, State Price Bureau, the People's Bank of China, and the Bank of China--most enthusiastically assigned people to study the topics and do the drafting. So far nine drafts have been submitted to the leading group for its consideration. Agreement has been reached on some of these drafts, which will go into effect after being revised. They include the following: Regulations for the Processing and Re-Export of Imported Materials by foreign enterprises, drafted by the General Administration of Customs; Foreign Exchange Regulation and Credit Control, drafted by the banks and the foreign exchange agency; Revised Regulations for Land Use by Foreign-Owned Enterprises, drafted by the Ministry of Urban and Rural Construction and Environmental Protection; Regulations concerning the Revision of Registered Capital as a Ratio of Total Investments, drafted by the industry and commerce administration agency; and Regulations Concerning the Identification and Verification of "Export Product Enterprises" and "Technically Advanced Enterprises," drafted by the Ministry of Foreign Economic Relations and Trade.

Before these implementation rules are published, localities have drawn up a number of detailed rules in light of local conditions. Officials from the SEZ Office consider these rules consistent with the spirit of the "22 Provisions" promulgated by the State Council and with detailed regulations formulated by the various departments. Officials from that office have also disclosed that the localities have announced a batch of "export-oriented" and "technically advanced" enterprises. Since these enterprises were identified after careful consideration by the relevant agencies, the list is valid and the enterprises are entitled to preferential treatments provided by the "22 Provisions" to be enforced under uniform regulations and procedures after the departments in charge make public the detailed implementation regulations.

This reporter was deeply impressed by statements by officials from the SEZ Office which confirmed that Gu Mu's promise in Qingdao was based on solid work. The promulgation of the "22 Provisions" and the intensity with which the office worked on corresponding implementation methods show that the work efficiency of Chinese government agencies has gone up significantly, a hallmark of the nation's improving investment climate. All these measures will certainly enhance foreign investors' confidence in China.

12581

CSO: 4006/193

## FOREIGN TRADE, INVESTMENT

### SHANGHAI SETS UP FOREIGN EXCHANGE REDISTRIBUTION CENTER

Beijing GUOJI SHANGBAO in Chinese 13 Nov 86 p 1

[Article by Yao Ximin [1202 6932 2404] and Zhong Xin [0022 0207]: "Foreign Exchange Redistribution Center Set up To Encourage Foreign Investment"]

[Text] The Shanghai Foreign Exchange Redistribution Center, a service organization set up to make things convenient for foreign investors, opened for business on 6 November at the Shanghai branch of the Bank of China.

Under the regulations of the Redistribution Center, foreign exchange generated by exports or domestic sales, foreign exchange capital stocks, foreign exchange borrowed from a foreign bank, and other foreign exchange approved by the General Administration of Exchange Control can be sold after being registered with the center. However, private dealings in foreign exchange are prohibited. An enterprise can use foreign exchange to finance the import of raw materials, equipment, parts, and components, to modernize equipment, and to remit profits, etc., but not to resell it for speculative purposes.

Statistics show that there are now over 200 enterprises in Shanghai financed by foreign capital, of which 90 are in operation. Most either balance their foreign exchange or enjoy a surplus. Still some of enterprises which are technically advanced or make products substituting imports have difficulty bringing their foreign exchange into balance. The establishment of the foreign exchange redistribution center will provide a convenience for these enterprises. In a separate move, relevant sources have disclosed that to further implement the policy of encouraging foreign investments, Shanghai will set up a foreign investment service center and a material service center for foreign enterprises, both to be opened within the year.

12581

CSO: 4006/193

## FOREIGN TRADE, INVESTMENT

### JOINT VENTURES TO BE ISSUED IMPORT-EXPORT LICENSES

Beijing GUOJI SHANGBAO in Chinese 1 Dec 86 p 1

[Article by Zhong Zi [6988 0745]: "Import/Export Licenses To Simplify Review Process"]

[Text] It has been disclosed at the national symposium on foreign enterprise import/export commodity planning that starting next year, the Ministry of Foreign Economic Relations and Trade will issue import/export licenses and assess the export performance of foreign enterprises in accordance with an approved foreign enterprise import/export commodity plan. When an enterprise needs to import machinery and equipment, motor vehicles for production use, raw materials, fuels, parts and components (including those under import restriction,) it will no longer have to apply for permission or to obtain an import license. Instead, the shipment will be under the supervision of the customs and will be released to the enterprise when the latter presents its enterprise contract or import/export contract. The compilation of the import/export commodity plan will be discontinued.

The issue of import/export licenses to foreign enterprises in accordance with the plan is a breakthrough in simplifying the process of import/export review and can put an end to the haphazardness and lack of planning which characterize the current ad hoc and piecemeal way in which foreign enterprises organize their export. This change will benefit the export of foreign enterprises and will also help improve the nation's management of foreign enterprises. The drawing up of a plan will provide a basis for assessing the performance of export enterprises and help solve some of the existing problems of foreign enterprises in import and export.

It has been learned that the symposium has tentatively drawn up an export commodity plan for the nation's foreign enterprises next year and an import plan for some restricted commodities. The symposium considers it entirely necessary to encourage foreign enterprises to formulate their own import/export commodity plans in accordance with the law.

12581

CSO: 4006/193

## FOREIGN TRADE, INVESTMENT

### JOINT VENTURES RECEIVE HELP IN BALANCING FOREIGN EXCHANGE

Beijing GUOJI SHANGBAO in Chinese 17 Nov 86 p 1

[Article by Zheng Yan [2973 6056]: "Joint Ventures in Beijing Get Help in Balancing Foreign Exchange"]

[Text] The Beijing bureau of the General Administration of Exchange Control actively assists Chinese-foreign joint ventures in solving their foreign exchange balance problems as follows:

--Properly expand the scope in which a joint venture can quote prices and settle accounts in a foreign currency. Upon examination and approval, an enterprise which provides advanced technical equipment or makes a product that is acutely short at home and has to be imported in large quantities may quote prices and settle accounts in a foreign currency. This solves the problem such enterprises have in balancing their foreign exchange in their early days of operation and helps cut down on the nation's imports.

--Provide foreign exchange to some joint ventures that are short of foreign exchange as the circumstances justify.

When a foreign investor reinvests his RMB profits, the bureau will assist him in selecting a project that can generate foreign exchange and earn foreign exchange profits.

--Pay attention to achieving a comprehensive balance in foreign exchange.

Even as it actively supports new projects capable of balancing their foreign exchange, the bureau renders help to projects that provide advanced technology, equipment, and processes, even though they may not be able to balance their foreign exchange initially.

--Insist that whoever arranges and approves a project should also be responsible for solving its foreign exchange problems.

According to a municipal survey on 47 joint ventures already in business in Beijing, 36, or 76 percent, either balance their foreign exchange or enjoy a surplus. At present joint ventures in Beijing more than balance their foreign exchange.

12581

CSO: 4006/193



## FINANCE, BANKING

### FOREIGN BANK ACTIVITIES IN CHINA DISCUSSED

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese No 47, 24 Nov 86 pp 8-10

[Article by Tian Li [3944 0500]: "More Opportunities Only After Further Opening of the Interior; Wang Lianzhang [3769 5114 4545] of Royal Bank of Canada Discusses Foreign Bank Operations in China; Current Stagnation of Foreign Bank Operations in China Must Be Fundamentally Changed; Foreign Investors Must Be Provided Necessary Conditions; More Important, Some Popular Chinese Concepts Must Be Changed To Help Foreign Businessmen Make Profit"]

[Text] The Royal Bank of Canada is Canada's largest chartered bank and the fifth largest in North America. At the end of 1985 its total capital amounted to 96 billion Canadian dollars. It has 1,680 branches, subsidiaries, and offices in 44 countries and regions around the globe. It established relations with the Bank of China in the mid-1950's. In 1981 it opened an agency in Beijing, which set the tone for Canadian banking circles. Subsequently, in cooperation with the China International Trust and Investment Corp, it established the Zhenhua International Finance Corp in Hong Kong in 1984, with each side holding half the shares; and, in late 1985, an agency was opened in Shenzhen. Among North American banks, the attitude of the Royal Bank of Canada toward operating in China may be considered rather entrepreneurial.

Wang Lianzhang, manager for southern China and Shenzhen representative of the China division of the Royal Bank of Canada, recently commented on the growth in the operations of foreign bank branches in the interior and China's economic and financial reforms; with the knowledge he has gained in many years of doing business in China, his views are incisive and original.

#### Business in China Determined by Investment Wishes

Given the very limited extent to which China's financial markets have been opened to the outside, very few foreign banks are participating in the channels of China's economic activity. Wang Lianzhang believes that the operations of foreign banks in China are primarily influenced by the rise and fall of foreign investments. Because China began last year to tighten up the use of foreign exchange, and because some joint ventures are running into the problem of the imperfect balance between foreign exchange and profit, in the last year or so foreign investments have fallen off, and this has cut down on

the Chinese operations of foreign banks. However, strictly in terms of bank business, Wang Lianzhang feels that the matter is fairly simple, and that the relevant factors can be brought under control. For instance, whether loans are guaranteed, whether clients have collaborators, interest conditions, and risk appraisal. For example, several state institutions are issuing bonds and certificates of deposit; here the risk is the state's, which has a very high credit rating, so that foreign banks like the RBC are very willing to participate. Other Chinese operations are generally project loans and loans for enterprise working funds, which have their own problems. The RBC is quite interested in project loans, but there are several factors affecting any expansion of this type of business.

#### Guarantee Formula Limits Loans

When foreign banks make loans to their clients' investment projects in China, they generally require that the borrower provide a guarantor, and these guarantees normally fall to Chinese financial institutions. The inland institutions able to serve as guarantors include all banks, the International Trust and Investment Corp and its provincial and municipal branch institutions, and the branches of the various foreign banks. In a sense, when a Chinese financial institution serves as guarantor, it accepts responsibility for the loan, and the China Foreign Exchange Control Bureau stipulates that a guarantor institution's total guarantee may not exceed 15-fold the foreign exchange it has on deposit. These factors mean that domestic financial institutions are not very willing to serve as guarantors and would rather make loans directly. This situation limits lending; as an accommodation for raising capital, Chinese institutions abroad have increased their fundraising through bond issues on foreign money markets and have lowered their guarantee percentage. In addition, some clients provide the Chinese financial institutions with a certain amount of security to serve as a counterguarantee for the loan, and in February 1985 China drafted a special security law for the Shenzhen SEZ and is considering applying the law to the other SEZ's in Guangdong Province.

Wang Lianzhang believes that, because China's is not an open market type of economy, it is very difficult to determine and realize the value of the collateral. For instance, if a loan client uses real estate as collateral, it is difficult to anticipate such situations as how much of the real estate can be auctioned off, how great the fluctuations in value may be, and whether the value of the collateral can be recovered. Therefore, the use of collateral to guarantee a loan is not very popular.

As for the bankruptcy law now being discussed in China, Wang Lianzhang believes that, with market-economy factors inside China being weak and enterprises being insufficiently vigorous, the bankruptcy law will be beneficial in furthering economic reform. In terms of present bank business, the concern it may raise is who will assume the debt should the borrower go bankrupt. As China lacks sufficient market activity and data to determine this, foreign banks should be allowed to appraise client credit rating and potential.

## Need To Acknowledge Some Basic Economic Concepts

China's control of foreign exchange and bank requirements for client loans are both factors affecting operations in China. Wang Lianzhang believes that, if it is desired to fundamentally turn around the present stagnation of foreign bank operations in China, foreign investors must be provided with the proper conditions, and certain popular concepts in China must be changed.

As he points out, when foreign businessmen discuss a China investment project they must deal with several different entities, and these entities all have varying degrees of power over the project's success, which increases the number of uncontrollable factors. Many foreign businessmen are coming to China for the first time and are unfamiliar with conditions, which increases their concerns and their burden. For instance, the limits of authority of the central and local governments are difficult for foreign businessmen to grasp. When the investment in a joint project exceeds a certain limit, the local government is not empowered to approve it, and it is necessary to wait for the next higher local government or sometimes the central government to approve it. For some projects, the central rather than the local government has specific jurisdiction. Sometimes, after foreign businessmen have wasted a good deal of time meeting with many different entities, it suddenly dawns on them that they are not getting anywhere, at which point they go off in search of the right contacts and start over again. In addition, there are such matters as tax regulations, which may differ from one local area to another, and land-use fees, which also differ, so that foreign businessmen often believe that SEZ land-use fees are the lowest, whereas in reality there are several local governments inland that offer even lower land fees. The regulations on preferential treatment drafted by some local governments are not very explicit or definite, and the Chinese partner must go and demand it before it is granted. And this imprecision in the rules on taxation, land-use fees and preferential treatment makes it difficult for the foreign businessmen to appraise their own investment costs and hinders their decisionmaking.

Wang Lianzhang also raised the question of the foreign exchange balance in joint ventures. China requires that joint ventures "export to generate foreign exchange," which does not completely coincide with the objectives of foreign businessmen who invest in China. Most of these foreign businessmen look on China as a huge potential market, and, with present world trade in a slump and many regional economies being depressed, China's opening to the outside offers them an opportunity. Naturally, many foreign businessmen set up plants in China for the purpose of providing neighboring countries and regions with lower cost goods. Therefore, China's requirement that the products of joint ventures be marketed abroad may give rise to different reactions in foreign businessmen whose investment goals are different. In addition, China's purpose in bringing in foreign investments is to introduce advanced technology and renew her industrial base, and she cannot use too much of that foreign exchange to purchase the products of joint ventures. However, the goal of foreign entrepreneurs who possess advanced technology and products is usually to get into the Chinese market. Therefore, bringing in advanced technology and exporting to generate foreign exchange is like caviar and truffles: you can't have both. China has now taken some measures to solve this problem, such as producing to replace imports, but if a joint venture wishes to take advantage

of this to get its products into the Chinese market, it must receive approval from MOFERT, and this leads to what was mentioned above, the need to deal with many different entities in China in order to handle one problem.

Wang Lianzhang believes that many concepts formed over the last 30-odd years in Chinese management and enterprises are unfavorable to opening up the economy, yet they still have an influence on society; hence, they should be changed and rectified. For example, China lacks an adequate understanding of the concept of profit. Foreign businessmen come to China in order to make money; this is a perfectly normal and proper commercial requirement, and the Chinese must not expect them to be willing to operate at a loss for long. Most Chinese enterprises use state capital, whereas foreign businessmen must be responsible to their stockholders; if the enterprise does not make a profit, they will have to answer for it, and there will be no economic sources for working capital, repayment of capital and interest, stockholder dividends, and expanded investment. Therefore, China should help foreign businessmen to make a profit. Even Chinese enterprises should make profit the objective of their production. There is a great need now for China to agree with foreign businessmen on some basic economic concepts.

Wang Lianzhang believes that China's opening to the outside and her reforms are sincere, and that the problems cropping up now are being given serious attention and being positively resolved. The central government has formulated a number of policies that, in themselves, are good; but if the people implementing them do not understand them well enough, their implementation may be wanting. Policies are articles of principle; if the people in the lower echelons lack an understanding of the difficulties of foreign business activities and do not match their measures to follow central government policies and insufficiently and incompletely deduce what the central policies are, the results of reforms may not be as desired. He believes that China needs to open up further.

The most fundamental solution to the problem of foreign exchange balance must lead to reform of the financial system and a change in foreign exchange control methods. At present, those firms with the best foreign exchange balance are those that make the best use of Chinese labor and establish processing and assembling plants in China; most of these are Hong Kong firms. But these are not necessarily the type of firms China hopes for. Some people also propose using counterpart trade to achieve a foreign exchange balance, but this approach also involves China's foreign trade system. Whether jurisdiction over counterpart trade could be given to the lower echelons, what impact it would have on present foreign trade channels and clients, how trade could be handled to meet client demands, and getting approval from the relevant Chinese departments are all complex questions. As for attracting foreign capital to invest in China and setting up local production centers to supply goods to localities, the key is China's labor system. If foreign businessmen are not able to freely hire in the market staff and workers who meet their requirements, they cannot effectively carry out production.

Wang Lianzhang says that the reason Tianjin's opening up has been called fairly successful is that it has solved the problem of efficiency. When talks are held with foreign businessmen, the city's various departments are brought



together to participate in them, so that when a problem is encountered it can be dealt with more quickly. He believes it may be a good thing if there is competition and a sense of pressure among the open cities.

#### Significance of Establishing a Shenzhen Branch

As for the significance of establishing a branch foreign investment bank in Shenzhen, Wang Lianzhang points out that the current function of the Shenzhen branches of many foreign investment banks is that of a booking center; the China operations that were originally up to the Hong Kong branches are now transferred to the Shenzhen branches. According to Chinese taxation policy, these branches are excused from the 10 percent withholding for interest income tax; this increases the competitiveness of the foreign investment banks when they launch operations in China. Hence, it is worthwhile for foreign investment banks to open branches in Shenzhen. In addition, the profits earned by the Shenzhen branches in the first year of operations are exempt from taxes; in the second and third years, their taxes are reduced by half; and in subsequent years the tax rate is 15 percent, which is also better than in Hong Kong.

However, the main operations of the Shenzhen branches are trade financing and loans. Since they can provide trade financing only to the three types of foreign investment enterprises, and, although there are no restrictions on who receives the loans, there are technical guarantee requirements, the business volume in the Shenzhen market is very limited. In terms of bank income, one type is interest income, which is fairly risky, and another type is income from fees, which is less risky. Banks that derive their income by lending to Chinese projects or enterprises assume much risk while those that derive their income from customer service fees do not realize a large volume of business. These factors affect the profitability of the branch banks.

As for whether foreign banks should establish Shenzhen branches, he believes that this should be determined by their volume of business in China and their development policy. Generally, foreign banks set a percentage for the volume of Chinese loans; if that limit is low, one or two syndication loans may use it up, so obviously there is no need to set up inland branches. The attitude of the RBC in regard to this problem, he believes, is to keep a close watch on Shenzhen's development and make a conscientious study of it. The Shenzhen branches of foreign banks are now striving to expand the range of trade financing operations to include local Chinese enterprises; the Chinese law on foreign banks clearly provides that they may engage in operations in "local currency," the meaning of which is somewhat vague; this has not yet been put into practice, and people are watching how it proceeds. When financial activity in Shenzhen has developed somewhat, there may be more opportunities for foreign banks.

#### Canadian Businessmen Show Interest in Potential of Southern Markets

Wang Lianzhang states that Canadian businessmen have always focused their attention mainly on the North American market and are coming to invest in China rather late. Canadian businessmen have come to realize the risks of a single market, and they have recognized the Asian-Pacific region as being the

region with the greatest potential for future development. They have observed the potential of the Chinese market and, hence, Canada is now calling itself a Pacific rim country and is taking China more seriously every day. Canada is China's fifth largest trading partner, and it is gradually increasing its investments in China. For example, the Canadian Power Co has signed an agreement with CITIC to develop China's papermaking industry, and Canada has relatively advanced technology in such areas as telecommunications, transport, metal extraction, and minting that it can provide.

Since the RBC established its Shenzhen office, it has seen some initial successes; it promotes intercourse between Canadian entrepreneurs and the Shenzhen region, and provides information and data, liaison and consulting, and other support. However, Canadian businessmen were at first mainly interested in northern China, primarily Beijing and Shanghai; because of the fierce competition in the north, they have recently begun to take a closer look at the potential of the southern market.

Raising the subject of the syndication loan to the Pingshuo Coal Mine that attracted so much attention, Wang Lianzhang said that the RBC is one of the five leading banks, which have a great deal of confidence in this project. As for the cautious attitude of some banks that have not participated in it, he believes this is normal. This is because banks must seek approval from their head office, or because limits on the volume of their China operations mean they cannot participate, or perhaps because a certain bank has already made substantial loans to the Occidental Petroleum Co of the United States and finds it inconvenient also to participate in the Pingshuo Coal Mine. Therefore, it is unwise to state categorically that this loan is problematic if there have been delays due to organizing the bank syndicate.

As for this particular loan, he believes that it is China's first pure project loan not having as a condition a national financial organization serving as guarantor, which shows that the project is a very good one. Although the China National Coal Import and Export Corp is guaranteeing a certain coal price, this is basically not the same as serving as guarantor. When the price of coal reaches a certain level, this guarantee will no longer hold. He, therefore, believes that the syndication loan for the Pingshuo Coal Mine sets a precedent.

Wang Lianzhang states that his own personal opinion regarding China's economic opening and reforms is that they are an irreversible trend, and the momentum for reform is good. People inside China are willing to publicly discuss problems with the outside, and this is a first. China is a huge country with fairly striking regional differences; reform and opening must be disseminated and developed gradually. For example, changing the direction of Shenzhen investment so that export-oriented industries predominate will take time; achieving results will require waiting until the plants are built and in production, developing markets and establishing a market position, and this could take until 1988 or 1989. The RBC now has five offices in Hong Kong, all participating in China operations; they are the Asian-Pacific Regional Office, the Hong Kong Branch, the Inchkoy Credit and Finance Corp, the Royal Bank of Ao-Li-An [1159 0448 1344], and the Zhenhua Finance Corp.

13322  
CSO: 4006/232



## FINANCE, BANKING

### CHEN MUHUA ON RURAL MONEY MARKETS

Beijing JINGJI RIBAO in Chinese 28 Nov 86 p 1

[Article by Ji Bin [1213 2430]: "Chen Muhua [7115 1970 5478] Discusses Creation of Rural Money Markets; Credit Coops Should Be Stimulated; Individuals May Not Engage in Finance But May Cooperate in It; Township Enterprises May Issue Stocks on Limited Basis and Run Credit Investment Companies"]

[Text] 27 Nov (XINHUA)--Chen Muhua, State Council member and president of the People's Bank of China, states: "Agriculture is the foundation of the national economy; banks must serve the development of the national economy and hence must serve this agricultural foundation. By reforming the financial system and invigorating rural money markets, we are meeting the demands of a billion peasants for developing a commodity economy."

On the occasion of the Central Committee's rural work conference, Chen Muhua invited comrades responsible for rural work from some provinces and autonomous regions to discuss the question of how to further promote reform of the rural financial system.

Chen Muhua was very grateful to everyone for the useful views they had voiced regarding reform of the rural financial system; she pointed out that during China's agricultural modernization, shortages of capital would be a long-term problem; but it should also be noted that, as the rural commodity economy grows and peasant incomes increase, social capital would gradually increase. If we guide our actions according to circumstances, promote reform of the rural financial system, and adopt credit means to gather together scattered and fragmentary capital in society and in the villages, and apply this capital to agricultural modernization, we will be able to overcome our capital-related difficulties. We must, therefore, unify our thinking and strive to carry out reform of the rural financial system, enthusiastically proceeding step by step to develop and establish rural money markets.

Chen Muhua stated that the objectives of reforming the entire financial system are, first, to be able to maintain an approximate balance between total supply and demand, create a relaxed and stable economic environment, and achieve

smooth implementation of the various reform measures; and, second, to be able to utilize capital flexibly in every possible way. Reform of the rural financial system should proceed with the same orientation.

Discussing reform of credit coops, Chen Muhua stated that they should be invigorated, and the key to this lies in what methods are adopted; at present, there are no models to follow. Experiments with various forms should be allowed; there is not just one model, but many.

In discussing the creation of village financial organizations, Chen Muhua emphasized that they must receive approval and get on the track of financial management and be run according to law. Because financial operations by individuals contravene the "Provisional Bank Management Regulations" issued by the State Council, a cooperative approach may be used, and test sites for rural financial markets should be allowed.

Chen Muhua stated that village stock enterprises or joint enterprises should be developed. Joint entities having a certain level of self-capitalization may make loans, but they must have a charter stipulating their rights and obligations; such an entity may be treated as a collective operation. Township enterprises may develop new sources of funds; if they issue stocks, there must of course be a limit, and a credit appraisal structure must be set up to appraise enterprise credit and facilitate the issue of stocks.

Some comrades asked whether villages could run credit investment companies. Chen Muhua replied that according to the "Provisional Bank Management Regulations" villages may run credit investment companies, but these must acquire the status of a legal person and make certain that they meet all conditions.

13322  
CSU: 4006/232

## INDUSTRY

### RENMIN RIBAO ON FACTORY IMPROVING PRODUCT QUALITY

HK201527 Beijing RENMIN RIBAO in Chinese 16 Mar 87 p 2

[Dispatch by reporter Dong Huanliang (5516 3562 0081): "Products of Tianjin Kinescope Factory Sell Well After Improving Quality--Demonstrating That Only by Grasping Product Quality Can Enterprises Increase Revenue and Reduce Expenditure"]

[Excerpts] Following discarding the mental burden of "introducing foreign technology means being advanced" and vigorously grasping product quality to lower consumption and increase profits, the Tianjin Kinescopes Factory has established itself in an impregnable position among intense market competition.

In 1982, this factory introduced a "black-white kinescope production line" from abroad at a time much earlier than its counterparts in the country. The "Yumao Brand" kinescopes produced by this factory were awarded the Gold Dragon Prize of the State Economic Commission for the outstanding new products and the title of Fine-quality Product by Tianjin Municipality. Being regarded and treated by the relevant state departments as imported products, the kinescopes produced by this factory once sold very well in 22 provinces and municipalities and were undersupplied products welcomed by the users. Nevertheless, under this situation of seller's market, some people of the factory were blindly optimistic, believing that with the advanced equipment and well-developed techniques the product quality could be guaranteed. Therefore, product quality was overlooked and output and profit were once lopsidedly pursued. Moreover, the phenomenon of "turning out rough and shoddy products" in large quantity without any regard for quality occurred.

As a result, sales of the "Yumao Brand" kinescopes took a turn for the worse. By the end of August, the overstocked goods and returned kinescopes from all localities amounted to over 200,000. As the finished products amounted to an amount of as much as over 12 million yuan, the banks suspended granting credits to the factory and the operation and production of the enterprise were all caught in a predicament.

In order to put an end to this passive state of affairs, the leaders of the factory decided to suspend production and carry on consolidation as of 11 September.

To counter the weak links of product quality, they also strengthened quality management and work regulations.

Only from reducing the reject rate during the period from October to December, the factory increased its income by over 4 million yuan. The realized profits and taxes of the factory for the whole year was 14.04 million yuan.

/9716

CSO: 4006/456

## INDUSTRY

### BRIEFS

CALL FOR SAFETY IN PRODUCTION--Recently there were many accidents in all parts of the province, thus causing serious losses in economic construction and in the life and property of the people. A total of 16 people were seriously wounded during the [words indistinct] explosion in early March in Sanmenxia City. The [words indistinct] accident on the Zhengzhou-[word indistinct] highway caused more than 3 hours of traffic obstruction on the main (Jing-Guang) highway. Yesterday's [20 March] major fire at the Gongxian County Power Plant lasted [word indistinct] hours. We have to attach major importance to these accidents. At present, the whole province is engaged in a mass drive to increase production and practice economy and increase revenue and reduce expenditure. Leaders at all levels and relevant departments must understand the importance of ensuring safety in production during this drive [words indistinct]. All departments and enterprises must promote safety in production and promote the implementation of rules and regulations concerning production safety [words indistinct]. [Station news center "short commentary": "We Must Not Slacken Our Efforts To Promote Safety Work"] [Excerpts] [Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 20 Mar 87 HK]

/9716

CSO: 4006/456

## AGRICULTURE

### PROLONGED DROUGHT SLOWS CROPS, TRANSPORT

HK210846 Beijing CHINA DAILY in English 21 Mar 87 p 1

[By staff reporter Chen Guanfeng]

[Text] A prolonged drought is ravaging vast areas of China, hindering the growth of the country's spring crops and impeding inland river transport.

The drought, which started last summer, still shows no sign of abating despite the fact that the rainy season is creeping along in some parts of the country, an official from the Central Meteorological Observatory told CHINA DAILY yesterday.

"Although some areas such as Hebei and Shanxi provinces have seen bigger snowfalls this year than last and increasing rainfalls are forecast for some other areas, the country's drought as a whole will not abate in the immediate future," the official predicted.

"This is because it has lasted too long and slight increases in rainfall are not enough to alleviate it," she explained.

According to estimates by the State Economic Commission, the drought has affected more than 13 million hectares of the country's farmland.

The most seriously affected areas are in Guangdong, Jiangxi, Hunan, Shaanxi, Sichuan, Hebei and Shanxi provinces and the Guangxi Zhuang Autonomous Region.

"The drought will not only affect the summer harvest in the southern part of the country this year, but also impede the spring sowing now under way in the north," said Ling Zongtang, the commission's vice-minister.

To combat the drought, the commission, the Ministry of Agriculture, Animal Husbandry and Fisheries and the Ministry of Water Conservancy and Electric Power jointly called an urgent meeting last Friday, urging all departments concerned to take an active part in a nationwide drought fighting campaign.

At the meeting, Ling urged leaders of the drought-stricken areas to make drought fighting their paramount task and to provide personal leadership in the campaign. He also asked electrical supply departments to fully tap their



potential and give priority consideration to the campaign when making electricity distribution plans, as electricity is needed to pump water to the fields.

"Materials supply departments should also further improve their management and provide timely supplies of diesel fuel, chemical fertilizer, polyester films for farm use and pesticides to farmers," Ling said.

Meanwhile, an official from the Ministry of Water Conservancy and Electric Power said the drought has caused unprecedented low water levels in some of the country's major rivers and hampered inland water transport.

In an interview with CHINA DAILY, the official said the drought has caused the Yangtze River, the largest in China, to fall to its lowest water level in a decade.

"The water level of the Yangtze fell to about 38 metres in February, compared with more than 40 metres in normal years," said the official, who declined to mention his name.

He said several other major rivers in the country, including the Zhujiang River, the Qiantangjiang River and the Minjiang River, also are affected by the drought. "The discharge of the section of the Zhujiang River in the Guangxi Zhuang Autonomous Region decreased by about a quarter, while that of its tributaries declined by 50 percent," he said.

Although close cooperation between transport departments has helped more than 3,000 ships pass the Gezhouba Dam on the middle reaches of the Yangtze River smoothly from January to March, despite the fact that the water level there has fallen to its lowest level in more than 110 years, more than 100 ports along other sections of the Yangtze River could not receive ships as a result of the lasting drought.

/9716

CSO: 4020/147

## AGRICULTURE

### EVOLUTION OF MILITARY VETERINARY EDUCATION IN CHINA

Beijing ZHONGGUO SHOUYI ZAZHI [CHINESE JOURNAL OF VETERINARY MEDICINE] in Chinese No 1, 22 Jan 87 pp 48, 51-52

[Article by the Editorial Committee on Modern Livestock Veterinary History in China and the Chinese People's Liberation Army Veterinary College Historical Compilation Group under the rubric "Veterinary Historical Materials": "The Evolution of Military Veterinary Education in China"]

[Excerpts] Just as is true in medical education, in veterinary higher education the world over there is a distinction between ordinary (civilian) veterinary education and special (military) veterinary education. The former refers either to veterinary departments (specialties) established by existing domestic and foreign agricultural colleges or to independent colleges, and the latter refers to army veterinary education. In the education system, because ordinary (civilian) veterinary education abroad has long been established, all army veterinary personnel are active nongovernment veterinarians (or professional degree holders) who, during their period of enlistment, transfer (as in Western Europe and Japan) to army veterinary colleges or (as in the United States) to army medical training centers (which include veterinary classes). There they take courses in specialized military battlefield veterinary subjects (focused on battlefield surgery), military livestock health, battlefield veterinary service, army food inspection, and so forth. The training period lasts 6 months to 1 year, and there are some who engage in research work for up to two years. After graduation the relevant military rank for army veterinarians is conferred. After demobilization these individuals generally return to hold office in their original units. In countries where there is no specially established army veterinary education, advanced army veterinary study (training) classes set up specially in agricultural veterinary colleges (or departments) are entrusted to teach the above-mentioned battlefield veterinary subjects.

However, army veterinary education in China differs greatly from that abroad. Eighty years ago China still had no agricultural veterinary education, and it was not until the 1920's and beginning of the 1930's that individual colleges began to offer veterinary education. Hence, it was not until special circumstances at the end of the Qing dynasty warranted health care for military mounts in the building of a "new army" that the Qing military authorities established modern veterinary education. At first, in all

respects our teaching system imitated agricultural veterinary education in Japanese universities (and Japan, for its part, imitated Germany). Consequently, in 1904 we established the Beiyang School of Equine Medicine, and after several changes the name was changed to the Army Veterinary School. After the People's Republic of China was founded the name was changed again to the Chinese People's Liberation Army Veterinary College--the name it bears today.

#### The Chinese People's Liberation Army Veterinary College

In 1950 the General Logistics Department of the Military Commission of the CPC Central Committee established the Military Commission Veterinary Institute and the Equine Health Research Institute in Fengtai, Beijing. These were founded on the site prepared for the transfer of the original Army Veterinary School, using equipment and personnel from the Military Equine Epidemic Prevention Institute. In addition, some teachers transferred in from Anshui and helped to enrich these institutes. Ren Tuanjiu [0117 2306 0046] and Zhao Qingsen [6392 1987 2773] were both alumni of the aforementioned school and longstanding members of the CPC. Ren Tuanjiu simultaneously held positions as bureau chief at the General Logistics Department Veterinary Bureau and as director of the Military Commission Veterinary Institute (and later became vice president of the Chinese People's Liberation Army Veterinary College). Zhao Qingsen undertook the position of director of the Equine Health Research Institute.

In 1952 the entire higher education system in China was reorganized and the General Logistics Department submitted a report to the central authorities for approval. The Military Commission Veterinary Institute in Fengtai, the Southwestern Military Region Veterinary School remaining in Anshun, and the Northeastern, North China, and South China Veterinary Schools that were temporarily established in the greater military areas during China's War of Liberation were all reorganized into the Chinese PLA Veterinary College in January 1953. Teachers and equipment were garnered principally from Anshui, and Changchun was settled upon as the new location for the college. The structure of Chinese army veterinary education, which was established by the Qing dynasty in 1904 and experienced the vicissitudes of history, thereafter turned a new page in history under the leadership of the CPC!

Beginning in the 1950's, the aforementioned college instituted a series of reforms under party leadership. The final term of the original Army Veterinary School (the 33rd term of the department of veterinary medicine) became the 2nd term of the Chinese PLA Veterinary College undergraduate course. We vigorously expanded capital construction and invited four professors from the Soviet Union, in the fields of internal veterinary medicine and infectious diseases, to form a group of experts to teach at the school. Based on determinations of the various domestic colleges, the original teachers were named to levels of under that of full professor and later were awarded the corresponding military rank. The former departments changed their names to teaching and research sections and reinstated an animal husbandry specialization. In 1965 the Equine Health Research Institute in Fengtai moved to Changchun and became part of the college, integrating their teaching and scientific research with those of the college. In order to open

up sister institutions across the country, from 1955 to 1956 the college accepted teachers for refresher courses in internal medicine and surgery. It also participated in or directed the reading and editing of standardized teaching material for agricultural institutions of higher education in China and transferred some teachers to assist with education and scientific research institutions in the provinces and autonomous regions of Xinjiang, Nei Mongol, Ningxia, Qinghai, Guizhou, and Hunan. In 1958 the college was for a time reorganized as the State Farms and Land Reclamation Animal Husbandry Veterinary College, but the very next year it was reinstated as the PLA Veterinary College and most of the animal husbandry department became part of the Jilin Agricultural College.

After the 3d Plenum of the 11th CPC Central Committee, under the direct guidance of the General Logistics Department of the Military Commission we uprooted disorder and set things straight, and the college reached a new state of unprecedented growth. The senior officer of the General Logistics Department observed and studied Soviet military medicine and intensely felt the importance of veterinary medical missions in the armed forces. He strongly advocated that the college not only not be cut back, but be further strengthened. Consequently, he selected revolutionary, youthful, knowledgeable leading cadres from all levels and clarified the direction teaching was to take in health care, disease prevention, and treatment for horses and other animals. He also reestablished secondary specializations in veterinary health inspection and animal husbandry and established a new specialty in experimental animals. He added to the pastureland used for production practice and laid further emphasis on replenishing teaching and research sections, clinical departments, and research institutes. The students being trained are not limited to science and technology concerned with military equine health, but are trained to cater to needs of the whole country. They incorporate the armed forces into peacetime and engage in production and construction, and they carry through with the great cause of veterinary education in keeping with the Chinese style of socialism.

#### Concluding Remarks

Viewing the evolution of veterinary education in the Chinese military (army) vertically, it has covered 80-plus years of history, passed through 3 major phases, and trained 3,000 students in various professions between 1904 and today. Of these, more than 1,500 were college undergraduates or regular graduates trained in the 46 years prior to the founding of the PRC. Personnel that have not yet been figured into other academic branches or classes have generally served in the armed forces at different historical periods, or in some cases have shifted to local work. After the PRC was established the majority served in the PLA, and there are a significant number of alumni distributed among livestock veterinary education, scientific research, and production departments throughout the country. In particular, those personnel transferred to local agricultural and animal husbandry departments and to institutions of higher education serve the motherland in livestock veterinary facilities, direct the manufacture of veterinary biological medicines and chemical reagent, or do port or domestic veterinary health inspection work.

Only a small number of alumni have dispersed to live abroad, and the majority have a pure patriotic heart, an idea to search out their roots, and a hope to contribute their powers to the great united mission of the motherland.

If we consult the history of Soviet medicine, we see that in the era of the czars military medicine included veterinarians. After the October Revolution they all became part of the forces of socialist construction and some were awarded revolutionary medals. Due to historical prejudice, modern veterinary history in China has long been misunderstood or deliberately misinterpreted, but the great CPC has used its material interpretation of history to approach China's cultural legacy scientifically. Since the PRC was established it has appointed the thousands of veterinary personnel who served prior to liberation to appropriate posts and given them corresponding professional titles. They have either been appointed to positions of leadership in schools (or institutes) and faculties or been selected as national and provincial (or autonomous region) NPC deputies or CPPCC committee members. They have become the core force of veterinary medicine and animal husbandry in the PRC. Among them are some who participated in the CPC as early as the War of Resistance Against Japan or the War of Liberation, or even earlier. For example, Professor Zhang Heyu [1728 7729 1342] (who before his death was a professor in the Department of Veterinary Medicine at Beijing Agricultural University) participated in the CPC during the War of Resistance Against Japan. He was among the first batch to study in the Soviet Union and was the first to earn a Soviet doctorate, returning to China in 1956. The many graduates of the Chinese PLA Veterinary College also are imbued with the aim to serve the people and exert themselves to make a contribution to the socialist cause. For example, some work hard all their lives at teaching or writing books to expound their ideas. As early as the beginning of the 1930's and before, some graduates in the Beiping, Qingdao, and Nanjing Epidemic Prevention Departments manufactured cowpox vaccine, rinderpest vaccine, glanders bacterial elements, and other biological medicines and chemical reagents. Today, for example, Qi Changqing [7871 7022 1987], who is still living and in good health at over 90 years of age, was one of the alumni who made contributions in this area. For another example, in his early years Yang Shoushen [2799 1343 4800] was sent from the Health Office to the Philippines and the Basile Research Institute in Hanoi, Viet Nam to observe and study the manufacture of biological medicines and chemical reagents. When he returned home he took over the directorship of the Health Office's Northwestern Epidemic Prevention Department and made his due contribution to the health of the Chinese people and to the prevention of contagious diseases in domestic livestock. After Mr. Yang went to India to observe and study there, he brought back a weakened strain of anthrax bacillus and used it to improve the method of manufacturing anthrax bacillus for domestic veterinary use. This tremendously simplified inoculation procedures, and this variety of bacteria is still used today in all Chinese biological medicine and chemical reagent plants. After the PRC was established many alumni of the college brought even greater technical virtuosity into play. Particularly in Lanzhou, Zhengzhou, and Fengtai they made constant improvements in biological medicine and chemical reagent manufacturing, as is recognized worldwide. As for written works, in addition to the summary introduction provided in YANGMA ZAZHI [HORSE-BREEDING JOURNAL] No 1, 1982, a great many papers have been published on the subject both at home and abroad.



After the 3d Plenum of the 11th CPC Central Committee, the elimination of "leftist" interference and the use of the Marxist-Leninist material interpretation of history clarified the historical facts of military veterinary education in China. The Beiyang School of Equine Medicine became the Army Veterinary School, and that school became the Chinese PLA Veterinary College. In addition, under the new leadership of the veterinary college a national meeting was held in Changchun, where a solemn declaration was made at the symposium. In 1985 Doctor Zhai Zhengang [5049 2182 4854], an alumnus, enthusiastically returned to China to visit and lecture at his alma mater in Changchun. For old alumni scattered abroad and in Hong Kong and Taiwan, this aroused an even stronger desire to render services to repay the motherland, search out their roots, consider their origins, and accomplish a great united mission!

12510

CS0: 4006/422



## AGRICULTURE

### PRINCIPLES FOR REVISING RURAL INDUSTRY IN HUNAN

Beijing NONGYE JISHU JINGJI [ECONOMICS FOR AGRICULTURAL TECHNOLOGY] in Chinese No 10, Oct 86 pp 30-33

[Article by Qing Xianguo [7230 0341 0948] of the Hunan Grain and Oil Production Bureau: "Several Principles We Should Observe in Further Restructuring Rural Industry in Hunan"]

The major task facing Hunan in rural reform is to further readjust rural industrial composition. To readjust rural industrial composition is to transform the closed industrial structure that took shape under the natural economic pattern--a structure characterized by self-sufficient production. We must transform this closed industrial structure into an open industrial structure characterized by commodity production and allow peasants to advance the depth and breadth of production on a broader field. By analyzing the state of rural industrial restructuring in Hunan, this article attempts to point out and demonstrate several principles we should observe in any further readjustments.

#### I. The Principle of Social Demand

To consider the matter comprehensively from the angle of social demand, a rational objective for rural industrial composition is to provide society with a large quantity of agricultural and sideline products to satisfy diverse demands from all quarters, to provide the industrial sector with as many raw materials and primary and secondary products as possible, and to supply famous, superior, and special products for foreign trade and export. According to these criteria, the departments concerned have made a forecast of the quantity of demand for several kinds of agricultural and sideline products in Hunan:

By the year 2000 the total demand for grain in Hunan will measure 32.2 to 34.7 million tons (including 14.2 to 15.2 million tons of ration grain, 12.00 to 13.50 million tons of fodder grain, 2.0 to 2.5 million tons of grain for industrial use, and 3.0 to 3.5 million tons of grain to be transferred to other areas.) Consequently, we must never relax grain production in Hunan, and we must make the best use of this advantage. Strategically, we should adopt a policy that equally emphasizes improved quality and increased output. As for cash crops, at the same time as we are vigorously promoting hot-selling

goods, we must work to develop many varieties comprehensively. By the year 2000 we need to produce a gross output of 2.5 to 3.0 million tons of fruit. Ramie is traditionally a dominant staple product in Hunan, and we must strive to produce a gross yield of 75,000 to 100,000 tons of it by the year 2000. On a basis of improved quality, the gross output of oil bearing crops must top 1 million tons. We should strive for a yield of 0.75 to 1.00 million tons of aquatic products, 2.50 to 3.00 million tons of meat, 0.51 to 0.63 million tons of poultry, 1.0 to 1.1 million tons of eggs, and 1 to 11 million tons of milk [all figures as published].

Market changes reflect social demand. In readjusting industrial composition we must conform to social demand and achieve social recognition. Otherwise, there will be no market for our goods, we will make no sales, there will be no return on our investment, and there will be no way to continue production.

In readjusting the various trades within agriculture, differences in the speed of readjustment often arise. Sometimes production develops quite rapidly and far surpasses what the domestic society needs or can export. There is already an obvious surplus of cotton, jute, and ambari hemp in excess of normal market demand, whereas production of grazing stock, dairy cattle, and aquatic products is still inadequate and market supplies are very tight. From this it is obvious that readjustments are not fixed and unchanging; from time to time we must readjust production to conform to social demand.

Right now, Hunan has no sensitive, integrated regulatory system to use in the restructuring process. Consequently, it is also very difficult to achieve a balance between supply and demand for various agricultural and sideline products. The author believes that to achieve balanced growth between agricultural products and other industries we must strengthen macroeconomic controls and adjustments simultaneous with microeconomic stimulation. As for grain, cotton, oil crops, and other major products, based on the demand for a balance between output and demand we should sign procurement contracts with farmers and inject these products into the orbit of the state plan to avoid creating major fluctuations. We must improve and perfect contract procurement quota methods. First, the task of ordering goods should be linked to the supply of chemical fertilizer at par; second, we should insist on implementing a system to grant funds for procurement deposits in order to resolve the farmers' problem of insufficient production funding; third, given that we first guarantee completion of the five state procurement tasks, we should expand regulatory powers over varieties and between locales. In conformance with the demands of commodity production, Hunan should fully develop tertiary industry centered around the market economy and thereby satisfy a variety of social demands. It is through exchange that commodities achieve value, and marketability is crucial to whether a product can become a commodity. Marx called this the fatal leap. In readjusting industrial composition, this factor essentially determines the importance of developing tertiary industry focused on the commodity market. One very important reason for the previous backwardness of the local economy and the inability to make the best use of our advantages in Hunan is that we did not take care to develop the market economy around the nucleus of tertiary industry.

## II. The Principle of Coordinated Development

To readjust rural industrial composition is to recombine all production force elements under new circumstances and redeploy the natural economy and social resources.

Some people think that "Hunan is an agricultural province, and if we continue to readjust industrial composition we will shake this agricultural foundation." This is outdated thinking that seeks only to strengthen agriculture, and that continues to see the countryside as nothing but agriculture. There are also people who believe that "Restructuring rural industry in Hunan should follow the current route of developing rural industry at a very rapid pace in certain areas." Of course it is true that "without industry we cannot prosper," but in readjusting rural industrial composition we must both accelerate the development of township and town enterprises and not neglect the fundamental role of agriculture. The results of research conducted by the Task Force for "Research on Readjusting Rural Industrial Composition in China" reveals that primary, secondary, and tertiary industry are developing at rates that fit the proportion of 1:2-2.3:2.2. The nonagricultural labor force can grow 2 percent or so only where agricultural productivity rises 1 percent. This ensures that coordinated development moves from the qualitative analytical phase into the quantitative analytical phase in order to explore a new way to determine the quantitative relations of coordinated development between industries. Quite obviously, if we pay no attention to natural resource conditions in Hunan and do not consider problems in funding, energy, and other areas, to subjectively consider moving toward "very rapid development of rural industry" will get us nowhere.

The author feels that restructuring rural industry in Hunan should take the path of coordinated development among all industries. That is, from a basis of stable growth in primary industry, we should actively develop secondary and tertiary industry and transform the current rural-focused industrial structure in the countryside into a comprehensive, coordinated industrial composition with comprehensively developed agriculture, forestry, animal husbandry, sidelines, and fishery and multiple operations in industry, commerce, transport, construction, and services.

The change in rural industry from the lopsided structure of an undiversified economy to coordinated development between multiple sectors and industries is the key sign of progress in the forces of production. Based on the diversifying trend and conforming to the demands of the commodity economy, there is constant improvement in the level of specialization, and this leads industrial restructuring toward a new phase of seriation. For example, the tie between the feed industry and the planting industry becomes a "grain to meat" series; the link between food processing and the planting industry becomes a "food industry" series; the feed industry links the planting industry with the livestock industry and further extends to link meat with processing plants, forming a "planting, rearing, processing" series; and the "planting, rearing, processing" series joins with the commercial beverage industry to form an "agriculture, industry, commerce" series. This kind of seriation tends to make the relations between production sectors more coordinated and gives the entire industrial structure more resilience.

The concrete requirements of coordinated development in rural industrial composition in Hunan are as follows: First, our point of departure must be to readjust the planting ratio of grain crops to cash crops, steadily develop the planting industry, improve the quality of grain and the value of cash crop output, and gradually establish an excellent planting industry structure. Second, we must vigorously develop a breeding industry focused primarily on animal husbandry. As we are developing the household planting industry we must also actively develop large stock-breeding households, and as we are concentrating on producing lean pork we must also strongly stress large grazing livestock and poultry production. In fishery production we should concentrate on small bodies of water and work toward intensive breeding and high output. In forestry we should persist in stressing forest management; integrate forests, orchards, medicinal plants, and miscellaneous timber; strive to increase the forest cover ratio; and achieve coordinated development utilizing timber forests, economic forests, protective forests, fuel forests, and special forests. Third, we must energetically initiate township and town enterprises and gradually change the rural labor and population distributions. Hunan has rich agricultural resources, a multiplicity of varieties, ample labor resources, and a good number of avenues of production that may be opened up. Right now, we must highlight processing industries for farm and sideline products, construction industries, and small mining operations, and we must actively develop other nonagricultural industries.

### III. The Principle of Overall Benefits

In the past, assessing the results of rural industrial restructuring--evaluating the benefits--meant merely noting changes in the proportional relationship of industrial sectors, increases and declines in the growing areas for different crops, or changes in labor or funding composition. True, changes in these things are the results of restructuring, but none of them are effective indicators; rather, they are descriptive indicators. Using only these indicators to evaluate overall effects both is unscientific and easily encourages some leaders to seek unilateral proportional changes as they make readjustments, thus laying insufficient stress on the actual situation and making blind comparisons. Consequently, in addition to the three major indicators--economic, social, and ecological benefits--we must also use overall benefits to make a comprehensive assessment. Economic benefit indicators includes peasants' net income, enterprise profits (or net output value), local financial revenues (deducting the factor of commodity price variance) and other indicators. Social benefit indicators include the quantity of foodstuffs consumed per capita; the quantity of durable goods held; the cost-of-living income per capita (deducting the factor of commodity price variance); the number of cultural, entertainment, and welfare facilities per capita; and the quantity of major basic facilities on hand in cities (or towns) and in the countryside. Ecological benefits indicators include the conditions under which all sorts of natural resources are utilized, and pollution of air and water resources. At any given period in history a rational composition of rural industry should realize the fullest and most reasonable use of the natural and economic resources possible given the level of productive forces of the day, and it should strive to achieve organic integration among economic, social, and ecological benefits.



In readjusting rural industrial composition we absolutely must conform to ecological laws and refrain from exceeding or breaking the "valve limit" of the ecological system. First, we must conform to the law of mutual adaptation between organism and environment and pick "suitable crops for suitable land" in agriculture, "suitable trees for suitable land" in forestry, and "suitable material for suitable husbandry" in livestock and poultry. Second, we must conform to the law of cyclical utilization and cyclical equilibrium. We must make the best use of "waste materials" from the process of material cycling, and we can add "recycling" to the original food chain. In Hunan when we use straw or grain to feed livestock the protein conversion ratio is low. If we use poultry and livestock manure to raise earthworms or fly maggots, they will constitute high-protein feed and improve the straw and grain conversion ratio among livestock and poultry. Third, we must conform to the laws of mutual aid and mutual limitations among organisms. For the crops in the field, the trees in the forest, and the various fish, prawns, and shellfish in the ponds, we can adopt methods of diversified cultivation and mixed husbandry to improve results.

#### IV. The Principle of Lifting Restrictions Everywhere

Hunan is situated in the hinterland and must shai fenghuan [0934 3189 6646 3293] and strive for development. As far as development tactics are concerned, we must rely on ourselves, donglian xijin [2639 5114 6007 6651], nanji beikao [0589 2357 0554 7273], lift restrictions everywhere, and study "shanshui jing" [1472 3055 4842]. We should actively take part in coordinating and cooperating under the network of the South China Economic Zone (including five provinces and autonomous regions--Henan, Hubei, Hunan, Guangdong, and Guangxi--and two cities--Wuhan and Guangzhou). We should open the "southern gate" and the "northern gate" wider and put policies into effect to lift restrictions north and south. We must concentrate on the four zones and one base, as follows: the Central Hunan Economic Zone, headed in Changsha and centered around Changsha, Zhuzhou, and Xiangtan; the North-South Open Economic Zone centered around Yueyang in the north and Liuzhou City in the south; the Mountain and Forest Development Zone, pivoting on Hualhua and Hongjiang City and specializing in forestry and animal husbandry; the Minority and Border Special Economic Zone of Xiangxi Tujiazu Miaozi Autonomous Prefecture; and the grain, cotton, fiber crop, pig, poultry, and egg bases along the Yiyang-Changde baseline in the Dongting Hu Region.

We should develop horizontal associations and advance the reality of commodity production development on an even wider scale to show that after commodity production is developed the village by village, township by township pattern must be destroyed. If we confine the combination of production elements to home villages and townships, we can only demonstrate an enlarged natural economy. A commodity economy demands the constant circulation and combination of productive force elements. The age-old separation of city from countryside in Hunan has prevented the spread of urban talent and technological information to the countryside. Consequently, we should permit all kinds of urban and rural elements to circulate freely and nourish each other so that rural industry and urban production can coordinate.

Different economic regions reflect different levels of productive force

development, and this restricts growth in industrial composition. Based on the different levels of development in rural productive forces we can distinguish between economically rather advanced regions, ordinary regions, and rather backward regions in the Hunan countryside. Generally speaking, developed regions in Hunan are divided into two kinds: The kind first occurs in city suburbs and communications corridors. These regions should become forward prototypes and bases for mutual aid between city and countryside and between industry and agriculture. At the same time, they will develop fresh and live produce to meet urban consumption and export needs, and they will build an industrial structure centered around industry and services. The second kind occurs in agricultural commodity bases producing grain, cotton, oil crops, pigs, fish, and so forth, such as Yuanjiang, Nanxian, Changde, Huarong, and other counties. These places should concentrate on shaping economic cooperation, perfecting the service system, forming a pluralistic product series, and establishing a coordinated industrial structure composed of agriculture, industry, and commerce based on cultivation and breeding and complemented by processing, transportation, and marketing. Backward regions are generally mountain and border regions. These areas should focus on expanding household operations and developing economic associations. They should actively exploit mountain forests, grasslands, mineral resources, hydropower, and other natural resources and strengthen basic communications and transportation facilities. They should vigorously develop forest, livestock, and processing industries and gradually establish an industrial composition centered around forestry, animal husbandry, and industry; and farming, animal husbandry, and industry. At the same time they should develop a multi-feature small-region industrial composition focused on mining and energy resource industries and complemented by agricultural and livestock processing industries. Ordinary regions are situated in intermediate zones between advanced and backward regions. On the one hand they must actively draw upon the productive forces of advanced regions and change the face of production in their own locales, and on the other hand they must actively divert labor and technology to backward regions and seek common development with them. Generally these regions can build an industrial structure stressing agriculture, animal husbandry, and industry; and agriculture, industry, and services.

#### V. The Principle of Orderly, Step By Step Progress

In reforming rural industrial composition we must meet the needs for major change and reorganization in the rural forces of production and development in rural specialization and commercialization. This is not the public's subjective imagination; rather it is an economic development process from quantitative change to qualitative change that must be constantly perfected and improved and gradually advanced step by step. It has a phasic and continuous character and is a long-term strategic task. The readjustment of rural industrial composition is a major systematic process that is highly comprehensive and wide-ranging. A change in one link can give rise to a multipronged chain reaction. Therefore, readjustment must progress in the proper sequence. There are some places in Hunan where people have no clear understanding of the actual situation, that is, they have not engaged in any scientific exposition or comprehensive evaluation nor paid close attention to practical results. They just hastily make plans and set the parameters, and a



tendency to precipitate action and arbitrary uniformity has arisen. One of the major reasons for this results from the failure to recognize the inherent patterns in readjusting rural industrial composition or to synchronize reform in various industries. Synchronized reform in various industries does not mean that readjustments in all industries or their sectors must begin at the same time, proceed at the same rate, or conclude within the same time period. This is because, within the structure of various industries, each sector has its own peculiarities. To achieve synchronized readjustments each locale absolutely must select the best point of departure, adopt supporting measures, and be aided by information feedback to attain practical results from those readjustments.

Rural industrial composition in Hunan can be divided into three administrative levels: the planting industry; forestry, animal husbandry, sidelines, and fishery; and rural industry. The planting industry is basic: only if the planting industry is run well and the proportional relationship between grain and cash crops is handled properly can we supply grain, fodder, and funds to develop forestry, animal husbandry, sidelines, and fishery and supply raw materials for industry. Only if agriculture, forestry, animal husbandry, sidelines, and fishery develop can we create the conditions to develop rural industry, commerce, communications and transportation, construction and building materials industries, and service industries. Only if we readjust and strengthen the latter administrative level can we open up fields of production in the former levels and consume surplus labor and funds. When we are readjusting we must not wait until readjustments are completed in the first level to readjust the second and third levels. Rather, in pace with readjustments in the first level, we should predict the new conditions and problems that may appear and adopt corresponding measures to carry out overlapping readjustments and reforms at the latter level. This will enable us to maintain an organic linkage between various industries and promote overall coordinated development throughout the rural economy. To ensure that the readjustment of rural industrial composition in Hunan conforms to the state plan and market demands and to reduce blind action it is essential that the government departments concerned propose guiding ideas and reference standards for the readjustment process. However, it is even more important that we rely on economic means; provide good pre-production, production, and post-production services; and guide farmers to act on the basis of need to ascertain the growing area, select projects in which to engage, determine monetary investments, and successfully handle the diversion of labor.

12510

CSO: 4006/273

## AGRICULTURE

### HEBEI PROVINCIAL REGULATIONS ON PROMOTION OF AGROTECHNOLOGY

#### New Standing Committee Regulations

Shijiazhuang HEBEI RIBAO in Chinese 1 Feb 87 p 2

[Article: "Hebei Provincial Regulations on the Promotion of Agrotechnology. (Passed by the 24th Meeting of the Standing Committee of the Sixth Hebei Provincial People's Congress on 17 January 1987)"]

[Text]Hebei Provincial People's Congress Standing CommitteeCommunique(No 17)

"Hebei Provincial Regulations on the Promotion of Agrotechnology" were passed on 17 January 1987 by the 24th meeting of the Standing Committee of the Sixth Hebei Provincial People's Congress, and are published here for enactment.

17 January 1987.

#### Hebei Provincial Regulations on the Promotion of Technology

(Passed by the 24th Meeting of the Standing Committee of the Sixth Hebei Provincial People's Congress on 17 January 1987)

#### Chapter 1. General Regulations

Article 1. This regulation has been drafted for the specific purpose of enhancing work in the promotion of agrotechnology and the use of science and technology to advance development of the rural commodity economy in accordance with "The Constitution of the People's Republic of China" and other national regulations and in light of circumstances prevailing in Hebei Province.

Article 2. The promotion of agrotechnology should maintain an orientation toward the grassroots and toward the peasants, should serve agricultural production, and should accelerate the widespread application of results from scientific research and advanced techniques in agriculture.

Article 3. Organizations for the promotion of agrotechnology should strive to provide a combination of technical service, information service and service to agricultural operations, suiting general methods to specific locations to provide service before, during, and after production.

Article 4. People's governments at all levels should buttress leadership of agrotechnology promotion work, study and resolve problems in the promotion of technology and coordinate relations among units concerned so that agrotechnology promotion work will develop steadily and meet needs in the modernization of agriculture.

Article 5. Agrotechnology promotion personnel at all levels should establish a psychology of serving the people wholeheartedly, and establish an ardent love for agriculture and a sense of dedication to long-term struggle in the cause of agrotechnology promotion.

Article 6. This regulation applies to agrotechnology promotion organizations, nongovernmental agricultural S&T service organizations, agricultural S&T demonstration households and other units and individuals concerned at all levels in the province.

## Chapter 2. Technology Promotion System

Article 7. The agrotechnology promotion system includes state-established provincial, municipal (or district), and county agrotechnology promotion organizations, township (or town) agrotechnology promotion stations, agrotechnology service organizations operated by villages or combinations of households, and households for the demonstration of agricultural science and technology.

Article 8. The main provincial agrotechnology promotion station, municipal (or district) agrotechnology promotion stations (or promotion centers) are under leadership of agricultural administrative units at the same level. Their principal duties are as follows:

- (1) Formulation, in conjunction with units concerned, of long-range plans and of work, funding, and materials plans;
- (2) Formulation of rules and regulations for their own system;
- (3) Responsibility for demonstrations to promote major projects and for the introduction of important technology;
- (4) Responsibility for summarizing agrotechnology work experiences for promotion;
- (5) Collection and dissemination of agricultural S&T information and economic data;
- (6) Participation in the selection and evaluation of agricultural S&T achievements and advanced techniques;
- (7) Management of the system's operational and service work.

Article 9. County agrotechnology promotion centers are combination technical guidance and service organizations under leadership of county agricultural administrative units. Their principal duties are as follows:

- (1) Formulation of plans for agrotechnology experiments, demonstrations, and promotions throughout the county;
- (2) Good performance in collecting and disseminating S&T information and economic data, in introducing new techniques, new varieties or breeds needed locally, and in conducting experiments, demonstrations, promotions and popularizations;
- (3) Selection of different types of areas to set up demonstration sites, applying multiple cultivation techniques and fostering examples of increased returns for high yields and premium quality;
- (4) Summarization and promotion of local experiences in increasing yields;
- (5) Providing services of many different kinds and operating entrepreneurial operating entities;
- (6) Perfection and development of township (or town) and village agrotechnology promotion service networks.

Article 10. Agrotechnology promotion stations that are agencies of the county perform duties specified by county agrotechnology promotion centers and are under leadership of county agrotechnology promotion centers.

Article 11. Township (or town) agrotechnology promotion stations or combination farming, forestry and animal husbandry technology promotion stations are technology promotion organizations under leadership of the people's government at the same level. Their professional activities are under leadership of either the county agrotechnology promotion center or county administrative organizations for farming, forestry, and animal husbandry.

The main duties of township (or town) agrotechnology promotion stations or of combined farming, forestry, and animal husbandry technology promotion stations are to be carried out according to pertinent regulations contained in Article 9 of this regulation.

Article 12. Agrotechnology organizations operated by villages or by combinations of households are service organizations of a cooperative nature under leadership of the state whose professional activities are directed by township (or town) agrotechnology station or combined farming, forestry, and animal husbandry technical promotion stations. Their main duties are to conduct technical propaganda and guidance and to institute technical measures that provide services to peasant production operations.

Article 13. Agrotechnology demonstration households are a major force for promotion of agrotechnology through demonstrations. Agrotechnology promotion

organizations at all levels are to provide technical, information, and material support to enable them to develop and grow in strength.

### Chapter 3. Technical Promotion Contingents

Article 14. Consolidate and develop agrotechnology promotion contingents made up primarily of agrotechnology personnel, managers, and peasant technical personnel, with constant improvement of their professional quality to provide technical services for the modernization of agriculture.

Article 15. Provincial, municipal (or district), county, and township agrotechnology promotion personnel are to be included in staffing and are to be assigned in accordance with pertinent national regulations.

Wages, emoluments and subsidies for state agrotechnology promotion cadres who work in townships, in flatlands and in remote mountain regions are to be in accordance with pertinent national and provincial regulations.

Article 16. Subject to examination and approval by county agricultural administrative units and labor personnel units, township (or town) agrotechnology promotion stations or combined farming, forestry, and animal husbandry technical promotion stations may sign contracts with peasant technical personnel to engage them as technical cadres within prescribed amounts. Requirements are as follows:

- (1) Graduation from a secondary technical school or having the equivalent of a secondary technical school education and possessing practical experience in the promotion of agrotechnology;
- (2) Continuous service in agrotechnology work for a period of 5 years or more with outstanding achievements;
- (3) Active in work, an ardent desire to serve the peasants, and fairly high prestige among the masses.

Article 17. Agrotechnology promotion organizations should constantly select outstanding township (or town) and village peasant technical personnel with a senior middle school education for directed training who have been found through examination to be qualified to attend an agricultural institution of higher learning. Following graduation, they are to be returned to their parent unit to work.

Article 18. Agricultural administrative units should organize in a planned way advanced training and updating of knowledge for agrotechnology promotion personnel to improve their skills. Agricultural institutions of higher education and scientific research organizations should actively shoulder this responsibility.

Article 19. Provincial, municipal (or district), and county agrotechnology promotion organizations should use all conditions to the full to improve training, providing regular or irregular rotational training for



agrotechnology promotion personnel in order to raise steadily their technical level.

Article 20. Provincial agricultural administrative units in association with units concerned should formulate assessment standards and methods of implementation for technical positions in the agrotechnology promotion system.

Article 21. County agricultural administrative units in association with S&T administrative units should regularly examine agricultural technical personnel. Those who meet requirements should be designated peasant technical personnel and issued certificates.

Article 22. Those who have engaged in agrotechnology promotion work in counties or townships (and towns) continuously for 20 years or more and who have made achievements are to be awarded agricultural science and technology certificates of honor and badges by the provincial people's government.

Township (and town) peasant technical personnel entitled to subsidies and special consideration are to be given subsidies by county or township (and town) finance units.

Village peasant technical personnel are to be provided fixed subsidies by the village citizens association or provided appropriate compensation out of income from operations.

#### Chapter 4. Technical Promotion Management

Article 23. Agrotechnology promotion organizations at all levels should make complete plans regarding scientific research achievements, traditional techniques, and new techniques suited to the locale and apply them in a planned way to production.

Determination of major projects for promotion is to be done through full discussion and validation and following examination and approval by the technical promotion organization at the next higher level.

Article 24. People's governments at all levels are to insure that technical personnel participate in agrotechnology promotion work. Agrotechnology promotion organizations should concentrate their major efforts and assign professional mainstay cadres to render a good performance in agrotechnology promotion work.

Article 25. Promotion of new agrotechnology should adhere to the principle of going through the three steps of experimentation, demonstration and promotion. Technical personnel have the right to oppose any administrative interference in contravention of technical regulations.

Article 26. Agrotechnology promotion organizations at all levels are to adhere to the principle of serving agricultural production at the time and in the place, doing a good job of promoting technology within the area. So long as professional work does not adversely affect the division of labor, services may be provided across administrative and departmental lines.



Article 27. Agrotechnology promotion organizations at all levels should use various means to disseminate agrotechnology to the peasants and to popularize scientific knowledge about agriculture.

Article 28. Agrotechnology promotion organizations at all levels should take action to encourage agrotechnology personnel to get a thorough understanding of production realities, to conduct experiments, demonstrations and promotions, to summarize experiences in science and technology and to promote advanced techniques.

Article 29. People's governments at all levels should gradually perfect the working conditions of agrotechnology promotion personnel and provide work buildings and places for experimentation and demonstration, purchasing needed instruments and equipment.

Article 30. Agrotechnology promotion organizations should coordinate closely with and mutually support agricultural scientific research and teaching units in constant exploration of new agricultural science and technology in order to set the stage for accumulating techniques and updating knowledge for promotion work.

Article 31. Planning and financial units at all levels should, financial circumstances permitting, increase investment and operating expenses year by year for agrotechnology promotion and make dedicated use of dedicated funds for strengthening agrotechnology promotion work.

#### Chapter V. Technical Promotion Responsibility System

Article 32. Agrotechnology promotion organizations may institute technology economic responsibility systems whereby remuneration is linked to economic results following the principle of distribution according to work, the greater the work the greater the gain.

Article 33. Agrotechnology promotion organizations or agrotechnology promotion personnel should be encouraged to promote the adoption of various methods for the technical contracting of agricultural production projects.

Article 34. Technical contracting should adhere to the signing of legal contracts in which voluntary participation, the responsibilities, the rights and the benefits of both parties are explicitly stated.

Article 35. Earnings derived from technical contracting may be variously used as remuneration for the contracting parties, as a technical fund or as welfare funds or bonuses for staff members and workers.

Article 36. Agrotechnology promotion organizations at all levels should institute personal responsibility systems and objective responsibility systems whereby each person attends to his own duties and fulfills his duties to the full, diligence being rewarded and sloth punished, excellence being rewarded and shoddiness punished.

## Chapter 6. Administration and Management

Article 37. Dealings in materials used in agriculture by agrotechnology promotion organizations at all levels acting as institutions must benefit the promotion of agrotechnology and may not be solely for the pursuit of profit from agricultural operations.

Article 38. Agrotechnology promotion organizations at all levels may deal in things related to the promotion of agrotechnology, such as chemical fertilizers, pesticides, seeds, nursery stock, plastic mulch and small farm machines.

Agrotechnology promotion organizations are to be permitted to lay in a stock of merchandise through numerous channels, and they are to enjoy the same treatment with regard to price as that accorded supply and marketing and commercial units.

Article 39. Earnings of agrotechnology promotion organizations derived from business dealings and from compensated services are to be used primarily for the development of enterprises for the promotion of agrotechnology, with a portion being used to improve welfare benefits and emoluments for staff members and workers.

Encourage and support units having requisite conditions in the gradual attainment of self-sufficiency in funds.

Article 40. Agrotechnology promotion organizations at all levels should establish a strict financial system, strengthen financial control and operate industriously and thriftily.

The funds, materials, and fixed assets of agrotechnology promotion organizations may not be transferred indiscriminately or appropriated by any unit or individual.

Article 41. Financial units are to provide low-interest loans in accordance with regulations for the business activities of agrotechnology promotion organizations, and governmental financial departments are to provide loan support in the form of agricultural revolving funds. Tax units should provide tax reduction or exemption in accordance with pertinent regulations.

## Chapter 7. Rewards and Punishments

Article 42. Units or individuals who have any of the following advanced achievements are to be issued commendations or rewards in accordance with pertinent regulations by people's governments or agricultural administration units at all levels:

(1) Those who have made outstanding achievements in the promotion of S&T achievements, popularization of S&T knowledge or advancement of the development of agricultural production;

- (2) Those who have produced fairly high social or economic results from the promotion of agrotechnology;
- (3) Those who have made outstanding achievements in the management or building of agrotechnology promotion;
- (4) Those who have made sensible suggestions on agricultural production and technology promotion and control work, or those whose promotion of the application of a certain agricultural S&T achievement has met pertinent standards for receipt of an award;
- (5) Those who have made outstanding achievements in carrying out these regulations in an exemplary fashion and who have fought against conduct that violates these regulations.

Article 43. Administrative punishment or economic punishment is to be meted out by people's governments or agricultural administrative units at all levels to those who have acted in any one of the following ways. Those who have violated criminal laws are to be dealt with according to the law by judiciary organizations:

- (1) Those who have created serious economic losses as a result of having made promotions without having conducted experiment or demonstrations;
- (2) Those who have falsely reported the results of experiments or demonstrations causing losses;
- (3) Those who have contravened policies or regulations on technology, or who have used their authority or other means to interfere with technology promotion work, thereby creating serious losses;
- (4) Those who have falsely reported results obtained from promotion in a fraudulent attempt to win honors;
- (5) Those who have dealt illegally in an attempt to gain exorbitant profits;
- (6) Those who have taken advantage of their work and activities to practice corruption, embezzle, or accept bribes;
- (7) All others who have violated these regulations with consequent serious losses for the country and the masses.

#### Chapter 8. Supplementary Articles

Article 44. A county within the meaning of this regulation includes counties, autonomous counties, undistricted municipalities, and districts subordinate to municipalities. A township within the meaning of this regulation includes townships, towns, and national minority townships.

Article 45. The Hebei Provincial Department of Agriculture may institute rules and regulations in accordance with the provisions of this regulation, which

may be put into effect following approval by the provincial people's government.

Article 46. This regulation takes effect as of the date of publication.

#### Commentary on Regulation

Shijiazhuang HEBEI RIBAO in Chinese 1 Feb 87 p 2

[Editorial by commentator: "An Important Legal Guarantee for Giving Impetus to the Development of Agriculture"]

[Text]"Hebei Provincial Regulations on the Promotion of Agrotechnology" were been passed by the 24th meeting of the Sixth Provincial People's Congress Standing Committee. The promulgation for enactment of this local law plays an important role in giving impetus to the development of agriculture in the province and to the specialization, commercialization, and modernization of the rural economy. It is an important legal assurance whereby the province's agriculture can scale new heights.

Agriculture is the foundation of the national economy. Development of agricultural production depends first on policies and second on science. Since the 3rd Plenum of the 11th CPC Central Committee, the party has instituted a series of major policies for the rural economy that have greatly stirred the enthusiasm for production of the broad masses of the peasantry to bring about rapid development of agricultural production. Nevertheless, it must be realized that for the province's agricultural production to generate even greater development and scale new heights, not only will it be necessary to take advantage of the power of policies but also to devote extremely serious attention to agrotechnology work, constantly promoting quickly the application of effective agricultural technology to the countless households, thereby creating new productivity. This is a major task in increasing the reserve strength of agriculture. This work must be completed by the agrotechnology promotion system.

The province's "four level agricultural science network" is not sufficiently sound at present. Too few personnel of low quality is not in keeping with the new situation of rural reform and is extremely bad for the promotion of agrotechnology. In addition, in the tasks of building contingents, promotion and control, and administration and management some problems also exist that have a harmful effect on smooth development of agrotechnology promotion. For this reason, "Hebei Provincial Regulations on the Promotion of Agrotechnology" use the summarization of the province's experiences in agrotechnology promotion work as a basis for focusing on existing problems, using local laws and regulations to put in place effective measures and using the guidance of agrotechnology production work to regulate the activities of people in this regard.

In order to genuinely implement "Hebei Provincial Regulations on the Promotion of Agrotechnology," people's governments at all levels should organize forces for conscientious publicizing of this regulation so that the broad masses of cadres and the public will understand this regulation and conscientiously

carry it into effect. People's government at all levels should take action to perfect the promotion system. They should particularly perfect promotion organizations at the county level and below and assign technical personnel there in accordance with national regulations. In addition, they should strengthen the building of contingents in accordance with the provisions of regulations, using means, such as refresher courses, training, and rotational training to raise technical personnel standards and to update the knowledge of technical personnel so that they can better serve in technical promotion work at the time and in the place. They should encourage technology promotion organizations to deal in materials related to agrotechnology promotion work, provide technical services and a combination of operations and service. They should adhere to the providing of premium-quality service for low compensation and not solely pursue profits. This way of doing things is a good deed that both helps to develop technology promotion work and helps increase the vitality of technology promotion organizations

Agrotechnology promotion organizations at all levels should make this regulation their standard for action, should evaluate all work by the standards of this regulation and use the regulations to guide their personal actions. They should diligently carry out the duties provided by the regulation, do a good job of technical contracting of personal responsibility systems and objective responsibility systems, and do a good job of administration and management so that agrotechnology promotion work throughout the province will be oriented toward the grassroots, oriented toward the peasantry, serve agriculture and contribute forces for progress in agrotechnology.

9432

CSO:4906/352



## AGRICULTURE

### BRIEFS

**CALL FOR MORE GRAIN CULTIVATION**--Beijing, March 21 (XINHUA)--A recent state circular calls for more sown areas to be used for the cultivation of major agricultural crops such as grain, cotton, rapeseed and sugarcane this year. "The total national grain output this year is scheduled to reach 405 million tons. The cotton production is to be increased by a fairly big margin. Rapeseed and sugarcane must recover from the previous reduction of output," according to the circular, which was put out by the Ministry of Agriculture, Animal Husbandry and Fisheries. "All provinces must increase cultivation of crops which have a high per-unit yield, including paddy rice, maize and sweet potatoes. Production of economic crops should be developed in keeping with the market demands," the circular said. It also urged farmers to increase multiple-cropping acreages and develop triple-cropping techniques in the areas, where conditions are available. [Text] [Beijing XINHUA in English 1313 GMT 21 Mar 87 OW]

**EXPERTS ON VEGETABLE CIRCULATION**--Beijing, March 22 (XINHUA)--The system of vegetable circulation should be reformed, so as to meet the demands of the people, experts said at a national symposium on vegetable circulation theory, which closed here today. The experts share the view that the emphasis of such reform should be placed on vegetable sown acreages, the number of supply networks, the general price level and financial subsidies provided by the state. On the vegetable price, most of 96 experts and scholars from 37 cities held that the floating price should be adopted to comply with the quotations on the markets. This is China's first theoretical symposium on vegetable circulation, which was sponsored by the China's National Commercial Economics Society. [Text] [Beijing XINHUA in English 1554 GMT 22 Mar 87 OW]

**HUNAN PORK TRANSFERS**--From the fourth quarter of 1986 to 10 January 1987, the Hunan Provincial Meat and Aquatic Products Corporation shipped more than 11,900 tons of pork to Shanghai. [Excerpt] [Changsha HUNAN RIBAO in Chinese 4 Feb 87 p 1]

**ANHUI FARM SUPPLIES**--According to statistics, the supply and marketing cooperatives in Anhui Province supplied 547,000 tons of fertilizer from January to February, a 45.8 percent increase over the same period in 1986. They also allocated more than 15,000 tons of pesticides, 1,300 farm tools, and 2,100 tons of plastic film. [Excerpts] [Hefei ANHUI RIBAO in Chinese 13 Mar 87 p 2]



ZHEJIANG AGRICULTURAL LOANS--To strengthen the agricultural infrastructure, and support the stable development of grain production, agricultural banks and credit cooperatives in Zhejiang Province had allocated 660 million yuan in agricultural loans as of the end of February, an increase of more than 200 million yuan over the same period in 1986. Loans for grain production were 250 million yuan. [Excerpts] [Hangzhou ZHEJIANG RIBAO in Chinese 11 Mar 87 p 1]

JIANGSU AGRICULTURAL LOANS--As of the end of February, agricultural banks and credit cooperatives in Jiangsu Province had allocated 250 million yuan in loans to promote grain and cotton production, an increase of 47.6 percent over the same period last year. [Excerpt] [Nanjing XINHUA RIBAO in Chinese 17 Mar 87 p 1]

CSO: 4006/469

## CONSTRUCTION

XIZANG: XIANG YANG TALKS ABOUT 1987 CAPITAL CONSTRUCTION

HK230438 Lhasa Xizang Regional Service in Mandarin 1130 GMT 20 Mar 87

[Text] Spring has come and it is a season when our whole region will completely carry out capital construction. How will the capital construction of our region this year be carried out? To find out, a reporter of this station interviewed Xiang Yang, chairman of the regional Planning and Economic Commission.

Comrade Xiang Yang said: The amount of investment of our region in capital construction this year is 160 million yuan, which is the smallest of that over the past few years. The principle of the capital construction of our region this year is to do what we are capable of, to control the amount of investment, to guarantee the key projects, and to raise economic results. Specifically speaking: 1) It is necessary to guarantee the rounding-off work of the projects in cities and counties; 2) it is essential to guarantee the key projects of energy, communications, education, and tourism; 3) in new projects, it is imperative to mainly make arrangements for projects of a productive nature.

Comrade Xiang Yang emphatically said: With a view to completing the plan for capital construction this year and raising investment benefits, we must strengthen construction management. The key points of management are: 1) It is necessary to implement the system of inviting and putting in tenders for capital construction projects. 2) The construction units which successfully get tenders must resolutely implement an all-round contract system, and party A and party B must sign a contract on the time limit for projects and quality, and the construction units are entitled to the whole amount of the investment even if the investment is not used up and they will not be subsidized if the investment is overspent. 3) The time limit for projects must be shortened and the quality of projects improved. Those who shorten the time limit for projects will be rewarded and those who extend it will be fined. Projects whose quality does not measure up to the standard will not be checked or accepted, and those which should be done again must be resolutely done again. 4) It is essential to seriously do well the rounding-off work of projects in counties and cities, and this is an important measure for shortening the time limit for projects and raising economic results. 5) It is imperative to further strengthen and improve the management of the construction market and to persist in opening the construction market.

/9716

CSO: 4006/456

## CONSTRUCTION

### BRIEFS

NINGXIA CUTS CAPITAL CONSTRUCTION--Ningxia has launched a drive to ensure the construction of projects covered by the plan, productive projects, and key projects and to cut projects not covered by the plan and non-productive and non-key projects, and has made relatively big readjustments in its capital construction plans for the year. Investment allocated to capital construction has been reduced by 19.7 percent from the figure for last year. The construction of a number of non-essential projects has been postponed. [Summary]  
[Yinchuan NINGXIA Regional Service in Mandarin 2300 GMT 23 Mar 87 HK]

/9716

CSO: 4006/456

## TRANSPORTATION

### BRIEFS

SHENYANG-CHANGCHUN-YANJI FLIGHT--The air route from Shenyang to Changchun and Yanji has resumed normal operation. Domestic Yun 7-100 52-seat passenger planes will serve this air route. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 19 Mar 87 SK].

MORE FLIGHTS TO SHANGHAI, BEIJING--Since 1985, the Shenyang Administrative Bureau of the Civil Aviation Administration of China has increased its transport capability on a large scale. It has increased its services from 16 flights per week in the past to the present 26 flights on the route between the city of Shenyang and Beijing Municipality and its seat quota from 1,000 per week in the past to 2,600 now. It has increased its service from five flights per week in the past to seven flights at present on the route between Shenyang and Shanghai Municipality. It has also increased in varying degrees its transport capability on the routes between Shenyang and Guangzhou, Changsha, Nanjing, Chengdu, Xian, and Hangzhou. Following the increase of its transport capability, the strained situation in buying airline tickets will be relatively relieved. At present, tickets for the route between Shenyang and Beijing Municipality can be bought at ticket booths in the Shenyang Administration Bureau or the Tshenyang Airport at all times. [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 22 Mar 87 SK]

SHANGHAI SUBWAY PLAN--Construction of the No. 1 line of the Shanghai subway has been officially approved by the State Council. The feasibility study report for the 14.4-km subway has passed the preliminary examination. It is learned that many foreign banks and companies have expressed interest in providing long-term, low-interest loans for the construction of the subway. [Summary] [Shanghai City Service in Mandarin 0100 GMT 21 Mar 87 OW].

/9716

CSO: 4006/456

END

**END OF**

**FICHE**

**DATE FILMED**

18 July 1987